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Standing Committee on  
Agriculture, Forestry and Rural Development

Minutes of Proceedings













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547

HOUSE OF COMMONS

(15)

First Session—Twenty-seventh Parliament  
1966

STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

PROCEEDINGS

No. 1

Respecting

Estimates (1966-67) of the Department of Agriculture

THURSDAY, FEBRUARY 17, 1966

TUESDAY, MARCH 29, 1966

WITNESSES:

*From the Department of Agriculture:* The Honourable J. J. Greene, Minister; Mr. Bruce Beer, Parliamentary Secretary to the Minister; Mr. S. C. Barry, Deputy Minister, Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of the Agricultural Stabilization Board.

ROGER DUHAMEL, F.R.S.C.

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HOUSE OF COMMONS  
First Session—Twenty-seventh Parliament  
1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and Messrs.

Asselin  
(*Richmond-Wolfe*),  
Beer,  
Berger,  
Choquette,  
Comtois,  
Côté (*Dorchester*),  
Crossman,  
Danforth,  
Éthier,  
Faulkner,  
Forbes,  
Gauthier,  
Gendron,  
Godin,  
Grills,

Herridge,  
Honey,  
Hopkins,  
Horner (*The  
Battlefords*),  
Isabelle,  
Johnston,  
Jorgenson,  
Lefebvre,  
MacDonald (*Prince*),  
Madill,  
Matte,  
Moore (*Wetaskiwin*),  
Muir (*Lisgar*),  
Nasserden,  
Neveu,

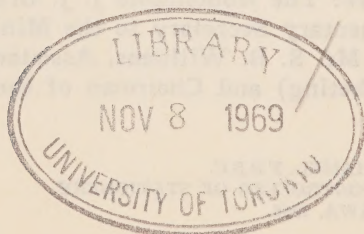
Noble,  
Nowlan,  
Olson,  
Peters,  
Pugh,  
Ricard,  
Roxburgh,  
Schreyer,  
Tucker,  
Vincent,  
Watson (*Assiniboia*),  
Watson (*Châteauguay-  
Huntingdon-  
Laprairie*),  
Yanakis—45.

(Quorum 23)

D. E. Levesque,  
Clerk of the Committee.

Mr. Horner (*Acadia*), replaced Mr. Horner (*The Battlefords*) on February 8, 1966.

Mr. Clermont replaced Mr. Isabelle on February 18, 1966.



Canada. Parliament. House of Commons. [Committees]  
Standing committee on Agriculture, forestry  
and rural development.

Minutes of proceedings and evidence.

1966-67 no. 1-33      1967 no. 1-7





## ORDERS OF REFERENCE

HOUSE OF COMMONS.  
MONDAY, February 7, 1966.

*Resolved*,—That the following Members do compose the Standing Committee on Agriculture, Forestry and Rural Development:

Messrs.

Asselin ( <i>Richmond-Wolfe</i> ),	Herridge,	Noble,
Beer,	Honey,	Nowlan,
Berger,	Hopkins,	Olson,
Choquette,	Horner ( <i>Jasper-Edson</i> ),	Peters,
Comtois,	Isabelle,	Pugh,
Côté ( <i>Dorchester</i> ),	Johnston,	Ricard,
Crossman,	Jorgenson,	Roxburgh,
Danforth,	Laverdière,	Schreyer,
Éthier,	Lefebvre,	Tucker,
Faulkner,	MacDonald ( <i>Prince</i> ),	Vincent,
Forbes,	Madill,	Watson ( <i>Assiniboia</i> ),
Gauthier,	Matte,	Watson ( <i>Châteauguay-Huntingdon-Laprairie</i> ),
Gendron,	Moore ( <i>Wetaskiwin</i> ),	Whelan,
Godin,	Muir ( <i>Lisgar</i> ),	Yanakis—(45).
Grills,	Nasserden,	
	Neveu,	

TUESDAY, February 8, 1966.

*Ordered*,—That the name of Mr. Horner (*Acadia*) be substituted for that of Mr. Horner (*Jasper-Edson*) on the Standing Committee on Agriculture, Forestry and Rural Development.

FRIDAY February 18, 1966.

*Ordered*,—That the name of Mr. Clermont be substituted for that of Mr. Isabelle on the Standing Committee on Agriculture, Forestry and Rural Development.

TUESDAY, March 22, 1966.

*Ordered*,—That, saving always the powers of the Committee of Supply in relation to the voting of public monies, the items listed in the Main Estimates for 1966-67, relating to the Department of Agriculture, be withdrawn from the Committee of Supply and referred to the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House.*





## MINUTES OF PROCEEDINGS

THURSDAY, February 17, 1966.

(1)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at one o'clock p.m. for organization purposes.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Berger, Comtois, Côté (*Dorchester*), Crossman, Danforth, Ethier, Faulkner, Forbes, Gauthier, Gendron, Godin, Grills, Herridge, Hopkins, Horner (*Acadia*), Isabelle, Johnston, Laverdière, MacDonald (*Prince*), Madill, Matte, Moore (*Wetaskiwin*), Noble, Nowlan, Olson, Peters, Roxburgh, Schreyer, Tucker, Watson (*Assiniboia*), Whelan and Yanakis—(33).

The Clerk presiding and having called for nominations to elect a Chairman, Mr. Asselin (*Richmond-Wolfe*) moved, seconded by Mr. Roxburgh, that Mr. Eugene Whelan be elected Chairman.

Mr. Matte moved, seconded by Mr. Berger, that nominations be closed.

The Clerk put the question which was resolved in the affirmative. Mr. Whelan occupied the Chair and thanked the Committee for the honour.

On motion of Mr. Yanakis, seconded by Mr. Crossman,

*Resolved*,—That Mr. Herman Laverdière be elected Vice-Chairman.

Moved by Mr. Tucker, seconded by Mr. Forbes,

*Agreed*,—That the Committee print 850 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence.

Mr. Danforth moved, seconded by Mr. Peters, and it was *agreed*, that the Subcommittee on Agenda and Procedure be composed of the Chairman and six (6) other members of the Committee to be named by the chairman after consultation with party Whips.

At 1:15 o'clock p.m. Mr. Éthier moved, seconded by Mr. Isabelle, that the Committee adjourn to the call of the Chair.

TUESDAY, March 29, 1966.

(2)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 11:10 o'clock a.m. The Chairman Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Beer, Berger, Clermont, Comtois, Crossman, Danforth, Éthier, Faulkner, Forbes, Gauthier, Godin, Grills, Herridge, Hopkins, Johnston, Jorgenson, Laverdière, Lefebvre,

MacDonald (*Prince*), Madill, Matte, Muir (*Lisgar*), Nasserden, Neveu, Noble, Nowlan, Olson, Peters, Ricard, Roxburgh, Schreyer, Vincent, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis—(37).

*In attendance: From the Department of Agriculture:* Honourable J. J. Greene, Minister; Mr. Bruce Beer, M.P., Parliamentary Secretary; Mr. S. C. Barry, Deputy Minister; Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman Agricultural Stabilization Board; Dr. J. A. Anderson, Director General, Research Branch; Mr. J. S. Parker, Director General, Administration Branch and Mr. C. B. Grier, Director, Property and Finance.

The Clerk of the Committee read the First Report of the Steering Subcommittee which was as follows—

“Your Committee recommends that, during the Committee’s consideration of the Estimates of the Department of Agriculture, the following procedure be followed:

- (a) That the first item (Departmental Administration) be called, and that discussion and questions of a general nature be permitted on the Minister’s statement, but questions that clearly relate to specific items be postponed until the appropriate item has been reached;
- (b) That the Committee act in accordance to Standing Order 65(5) which reads as follows:

“Any member of the House of Commons who is not a member of a standing committee, may, unless the House or the standing committee otherwise orders, take part in the deliberations of the standing committee, but shall not vote or move any motion or any amendment or be counted in the quorum.”;

- (c) That each member be allowed twenty (20) minutes to speak or question the witnesses at any one time;
- (d) That meetings of the Committee do not extend beyond two (2) hours;
- (e) That no witnesses will be called, other than Officials of the Department of Agriculture.”

On motion of Mr. Danforth seconded by Mr. Asselin (*Richmond-Wolfe*),  
*Resolved*,—That the First Report of the Steering Subcommittee be adopted.

The Chairman called the first item—*Departmental Administration* of the main estimates of the Department of Agriculture, 1966-67; he then introduced the Honourable J. J. Greene, who in turn introduced the officials from the Department of Agriculture.

The Minister made a general statement and was questioned on related matters, assisted by Messrs. Beer, Barry and Williams.

March 29, 1966

AGRICULTURE,  
FORESTRY AND RURAL DEVELOPMENT

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Mr. Greene suggested that the Committee should prepare a list of specific items for discussion at each meeting. This would enable him to arrange that the proper Departmental officials be available to the Committee.

Due to other commitments it was necessary for the Minister and Mr. Barry to withdraw from the meeting; Mr. Greene requested Mr. Bruce Beer to act on his behalf before the Committee.

On motion of Mr. Asselin (*Richmond-Wolfe*) seconded by Mr. Nasserden,

*Resolved*,—That the Subcommittee on Agenda and Procedure consider what method might be used to bring the report of the Canadian Wheat Board and other Boards before the Committee.

On motion of Mr. Peters seconded by Mr. Roxburgh,

*Resolved*,—That the Subcommittee on Agenda and Procedure take under consideration the advisability of discussing the *Dairy Industry* at the Committee's next meeting.

At 1:10 o'clock p.m. the Committee adjourned to the call of the Chair.

D. E. Levesque,  
*Clerk of the Committee.*





## EVIDENCE

*(Recorded and transcribed by Electronic Apparatus)*

TUESDAY, March 29, 1966.

The CHAIRMAN: Gentlemen, I see a quorum, so we may start the meeting now.

Your subcommittee met on Friday, March 25. I will ask the clerk to read the recommendations to you.

*(See Minutes of Proceedings)*

The CHAIRMAN: May I have a motion to adopt this report?

Mr. DANFORTH: I move the adoption of the report of the subcommittee, Mr. Chairman.

Mr. ASSELIN (*Richmond-Wolfe*): I second the motion.

The CHAIRMAN: Is there any discussion?

Mr. ÉTHIER: Mr. Chairman, will the recommendation that each member will be allowed twenty minutes of questioning apply to all the meetings of this session or to this meeting only?

The CHAIRMAN: I think that recommendation is for all the meetings on the estimates.

Mr. ÉTHIER: Do you not think that is too long?

The CHAIRMAN: I understand this committee is supposed to act in the same manner as the House. In the House speakers would be allowed thirty minutes on estimates if they so desired. It was felt that, in order to expedite the business of the committee, any one person should be allowed twenty minutes; if there are no further speakers and there is time, he could possibly speak a second time on the estimates.

I believe it was the steering committee's thought—and any member of that committee can correct me—that no member's participation in the committee should be curtailed but that twenty minutes for any one member would be sufficient time. We know from past history of committee meetings that many members will never take twenty minutes, but we know also that there may be the odd member who would like to take over the committee completely. It was with this in mind that we had the idea of putting on a limitation of this nature.

Mr. HERRIDGE: Mr. Chairman, you are quite correct.

Mr. ÉTHIER: There are only six times twenty minutes in two hours. That means only six members may be heard.

Mr. OLSON: We are talking about maximums here.

Mr. HERRIDGE: From experience we have found that this works out very well indeed. The twenty minutes not only include the questioning by members but also the replies by the officials. This system has been found to work very well in practice. There are occasions when a member might take that amount of time, but as the committee meets you will find that most members probably will not want more than five minutes at any one time.

The CHAIRMAN: Is there any further discussion?

Motion agreed to.

The CHAIRMAN: The first item of business today is Item No. 1 of the Minister's estimates. I understand the general procedure under this new system of committees dealing with estimates is that the Minister will make a lead-off statement; and I will therefore ask the Minister to take over now to introduce his officials and make his statement.

Hon. J. J. GREENE (*Minister of Agriculture*): Mr. Chairman, gentlemen, this being a new procedure I am not entirely conversant with your wishes in this matter, but to the best of our knowledge and ability we will proceed in such a manner as to give the information you may require.

First of all, the officials we have here are Mr. S. C. Garry, who is on my right, the Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister, Production and Marketing, and Chairman of the Agricultural Stabilization Board; and Mr. S. J. Chagnon, Associate Deputy Minister.

Sitting at the back, and available if you require them at any time, are Dr. J. A. Anderson, Director General of the Research Branch, J. S. Parker, Director General of the Administration Branch, and Mr. C. B. Grier, Director of Property and Finance.

With respect to my opening statement I may say that I am going to make a general and broad statement covering Item No. 1 in the estimates in general. There will be copies of this statement in English and French available this afternoon and they will be sent to each of the members of the committee individually.

The CHAIRMAN: Mr. Greene, before you proceed further may I announce that the Minister and Deputy Minister have to leave at 12.15. There will be other officials here after 12.15, but the Minister and Deputy Minister have to leave at that time for another appointment.

Mr. GREENE: With respect to my attendance, Mr. Chairman, I think probably the deliberation of these estimates will be lengthy and in very great detail. I think this is one of the ideas of remitting estimates to committees. The great advantage will probably be the availability of the officials, and I shall be here as often as possible and certainly whenever you feel I am particularly needed. There is always a problem of time, however, because cabinet meetings are often held at the same time as committee meetings. I trust you will bear with me any time I am not here. Certainly the officials will be here and my parliamentary assistant will be here. I will just have to ask for your forbearance



in this matter and, whenever you, the committee, feel it is essential that I be here I will certainly do my utmost. Again, it is a matter of allocation of time; you can only be in one place at one time. I will certainly do everything I can to meet with your convenience, and I feel certain we can work out methods whereby I personally will be here just as often as you need me; and either I or my parliamentary assistant and whatever officials are required will be here.

You have here now for the setting up of your deliberations all the top officials of the department. Then, as far as possible, if we can know the particular persons and the particular areas of the department you require for meeting it would be very helpful, because if we have to have all the top officials of the department here for every one of your meetings, which may last many many sittings it will be pretty hard to run the department, as I think you will understand. So I would ask for your consideration in this regard. If you can pinpoint a particular number of items for any particular hearing it would be very helpful inasmuch as we could have those officials here and possibly not tie up the entire work of this very complex department.

Mr. PETERS: Before the Minister goes on may I ask if there is any intention on the part of the department to supply Mr. Phillips for the use of the committee again as they did last year? I found him very helpful in being able to co-ordinate the operation of the department. As far as I am concerned, I found him very helpful to the committee last year; he was a real asset. I wonder if there is any intention of allowing Mr. Phillips again to act as a co-ordinator.

Mr. GREENE: This was when you were studying the feed grain matter.

Mr. PETERS: He stayed with us on a number of other subjects as well. It seems to me this was an asset to the committee last year.

Mr. GREENE: I think that is a good idea. Mr. Phillips himself has been promoted; he has a new job. Whether we can make him available on this basis, at the moment, I do not know. Perhaps we can supply someone else to perform this function.

Mr. PETERS: He was a co-ordinator of different committees. He was very knowledgeable on many subjects.

Mr. GREENE: We will try to provide him or, if the Deputy Minister cannot spare him, someone who will serve the function equally well.

Mr. Chairman, I believe this is the first time that the Department of Agriculture estimates have been referred to a standing committee of the House. I think this is a very desirable feature.

I believe this is the first time that the Department of Agriculture estimates have been referred to a Standing Committee of the House. I think this is a very desirable procedure, not only because it should save some time in the committee of the whole, but because I am sure that it will give members a better opportunity to familiarize themselves with the work of the department and to discuss matters of interest to them.

I think this has been the experience with other departments where this procedure has been followed in the past.

I intend to be present myself at the committee meetings and my senior officials will also be here to deal with any matters of detail which may be raised. I do have an appointment at 12:30 today which will require me to leave shortly before that time. The committee secretary had been informed of that and I presume that today's meeting will be a preliminary one.

Turning now, to the estimates, I may mention, first, a matter which I know is understood by committee members but which apparently has been the cause of some misunderstanding among the public.

Page 4 of the estimates book shows the amounts to be voted for the various departments and agencies for 1966-67 and the amount voted for 1965-66. The two totals, for agriculture, are \$127 million for 1966-67 and \$56 million for 1965-66. When these figures were published in the press it led some to conclude that less money was to be voted for agriculture next year than this year. This, of course, is not necessarily the case. The figure shown for 1966-67 is the main estimates only. That for 1965-66 includes both main estimates and supplementaries as at the time the Blue Book was printed. In fact, there have been further supplementaries since then and the total figure for 1965-66 will be in the order of \$200 million.

Many substantial items go into supplementaries rather than in the main estimates. This includes, obviously, provision for expenditures which were not foreseen at the time the main estimates were prepared. Examples of that in 1965-66 would be the crop loss assistance programs with the provinces. Then there are several substantial items which are only included in supplementaries when the amount required is known. Examples of this are the recoup of the Agricultural Stabilization Board account and the operating loss of the Farm Credit Corporation.

The department administers some 31 acts and several policies which draw their authority from votes under the Financial Administration Act rather than from specific statutes. The administration of these is divided among four main branches, administration, research, production and marketing, and health of animals, and the Board of Grain Commissioners and P.F.R.A. The estimates are broken down into these main branches or sections of the department.

The first, in the order in which they appear in the Blue Book, is departmental administration. This includes the central departmental administration attached to the offices of the Minister and Deputy Minister, and the Information and Economics Divisions, which come directly under the Deputy Minister. These are all covered under vote 1. The total requested in the main estimates for 1966-67 is \$4.7 million compared to \$4.2 million for 1965-66.

This is followed by research, under votes 5 and 10, which include the operating and construction requirements for the 49 experimental farms, research stations and institutes operated by the research branch. The amount requested for the research branch is \$33.3 million compared to \$31.8 million for 1965-66.

The next main section is the production and marketing branch, in which there are five separate votes, numbers 15, 20, 25, 30 and 35. These include the five divisions of the branch which administer grading legislation for various classes of farm products and legislation having to do with such matters as plant

protection, seeds, feeds, fertilizers, pesticides and stockyards. The branch vote also includes administration costs under the Agricultural Stabilization Act and the Prairie Farm Assistance Act. The total of the five votes for 1966-67 is \$36.6 million compared to \$39.8 million for 1965-66. The difference is due to the provision for crop loss assistance programs in 1965-66.

The next two votes, numbers 40 and 45, are for the health of animals branch. This branch administers matters having to do with animal health, under the Animal Contagious Diseases Act, and the Meat Inspection Act. The total is for \$14.4 million compared to \$14.8 million in 1965-66.

Vote number 50 is for the Board of Grain Commissioners, which administers the Canada Grain Act. The amount listed as required for 1966-67 is \$8.5 million, compared to \$7.4 million for 1965-66.

The last section, under the title of "land rehabilitation, irrigation and water storage projects", is for P.F.R.A. This includes votes 55 and 60 to a total of \$29.2 million this year as against \$37.1 million for 1965-66. The difference of \$7.9 million is more than made up by the reduction of \$9 million in the amount required for the South Saskatchewan Dam. The major works on this project will be completed this year.

Apart from that general description of the department's organization and operations, and the votes applying to the various sections, I doubt that I need to go into further details at this time. I know that members will have questions on specific points, some of which they have raised previously in the House. I will be glad to deal with these as time permits today and in subsequent sittings of the committee. I thought it was best in view of the nature of this investigation at this time to outline in brief, as I have in my general statement, the general makeup, context and structure of the estimates rather than to make some general statement of policies, hopes and aspirations of the Department as is generally done in the House. I trust the committee will agree with this procedure. We thought it would be more helpful to the members of the committee and in particular to the new members to have this kind of non-specific detailing of the estimates in my general statement than has been the case when the estimates were discussed in committee in the House when it was more of the order that the Minister would make some more general statement of policy which might be more beneficial from a publicity standpoint. I trust the committee will agree with this procedure. We thought it would be more helpful to them, and in particular to the new members, to have more of this kind of specific detailing of the estimates in my general statement than has been the case when the estimates were discussed in committee of the whole House. At that time it was in order for the Minister to make a broad, general statement of policy, which might be beneficial from a publicity standpoint but, I think, it would be less helpful to the committee to do so in their deliberations. I trust this meets with the approval of the committee and, as I indicated, I and my officials are prepared to answer any specific questions at this time or, according to whatever procedure you might establish, to appear before you at a future time.



● (11:30 a.m.)

The CHAIRMAN: Thank you, Mr. Minister. I think that, judging by the reaction of the committee so far, hon. members appreciate the attitude you have taken, although we will know better as we proceed in the committee.

Members of the committee may now ask questions of the minister.

Mr. JORGENSEN: Mr. Chairman, the Minister very cautiously put his toes into the waters of the estimates. I can understand that he would want to do that. I had hoped however that we could have had a statement on his philosophy and his policy. We had several statements during the course of the election campaign which tended to lead us to believe that the government was going to pursue a certain course in agriculture. Following the election campaign the Ministers changed, of course, so we felt that there might be a change in philosophy. We know that the Minister's philosophy, from some of the speeches and statements that he made, is somewhat different from those of his colleagues' statements in the House. We are therefore wondering if he had resolved some of the difficulties which he faces, together with the members of the cabinet, in evolving a policy for agriculture which he could have presented to this committee. I think it is important that we have some idea of the direction in which the Minister intends to guide the department in meeting the many problems and difficulties that I know he must face.

At the outset I want to assure him that it is not our intention to put road blocks in his way, but I do think we should have an opportunity of hearing from him on matters of policy. I can well understand that he will not be able to be here at all our meetings, and whenever we will be questioning the details of the estimates I know the officials of the department are quite capable of handling answers to those questions, but I think officials of the department should not have to answer questions which concern matters of policy, the answers to which should emanate from the Minister. I would have thought that either now or at a later time we could have statements from the Minister on the direction which he intends to take in leading this particular department.

Hon. Mr. GREENE: Mr. Chairman, may I answer Mr. Jorgenson in this way? I may be wrong in my concept of this but I really think that policy is a matter for the throne speech, for legislation. I think it is the easiest thing in the world—and possibly both the politicians in and out of office are a little too prone to do this—to speak in broad generalities with respect to policies which in the long run are not much more than benign hopes. It was my conclusion that it would be better to carry out our policies through legislation in the house and through a declaration in the throne speech when applicable. I think if I as a Minister have a philosophy of agriculture I would prefer to have that philosophy judged by what I am able to accomplish as the Minister of Agriculture rather than by any pronouncements which I make and which might never amount to a hill of beans.

Mr. JORGENSEN: That bears out my statement on the difficulties that you might anticipate with your colleagues in cabinet.



Hon. Mr. GREENE: I do not think I shall ever anticipate any difficulties with those kindly and thoughtful gentlemen in regard to their tender and solicitous views of the agricultural community of this country.

My own concept is that, to the greatest possible degree, the idea of remitting the estimates to the committee was to make this a working group to enable you people to get your teeth into the items of the estimates and into the interpretation of the officials' views of these estimates rather than to have a more general research, as was possible in committee of the whole.

As I say, I may be wrong in this interpretation, but I thought the whole idea of remitting the estimates to the committee was to really enable the members of the committee to get their teeth into the specifics and to get away from the broader generalities to which I think the committee of the whole house did not lend itself too well. This would enable members to get at these specifics, particularly because they could not question officials in committee of the whole. We will certainly have to play some of these things by ear, as they are new things. But, for the time being, Mr. Jorgenson, may I say with great respect that I would like to proceed on this basis without sticking my neck out too far. Those are my own personal hopes and philosophies for the department. I am not quite sure where you draw the line between hopes and philosophy, but I think from the legislative standpoint, as I said earlier, I hope to be judged by what I accomplish rather than by what I hope to accomplish. All I can say is that if we can do as well with all the other ramifications of the department as we did with the dairy policy, if we can get as much money for each thing we wish to do, we will be in grand shape; this will be the most popular committee there ever was with the farmers. I do not know how fortunate we will be in future in this regard.

Mr. MUIR (*Lisgar*): Mr. Chairman, I would like to say at the outset that I am rather disappointed that the Minister did not outline some of the difficulties that he is finding in agriculture. I do not necessarily mean that he should bring forward his solutions to us at this time. However, if the committee is just going to investigate the administrative difficulties, which I do not find to be too numerous in agriculture because we have an excellent agricultural department, I do not think the committee is going to find itself with much to discuss. As I said, I would have thought that the Minister would have talked about some of the difficulties in agriculture because we all know there are many and they are varied. I thought that perhaps through discussion we might be able to assist the Minister in finding solutions to these many problems that agriculture is facing today, and that we would not just be considering the administrative problems of the department.

Hon. Mr. GREENE: Excuse me again, Mr. Muir. I think I have said what I had to say on this, and I will repeat that this is a new procedure. I had thought the general application of problems and areas of solutions in a broad, general sense is the kind of thing that would be considered by the committee of the whole House. After all, these estimates go back to the House. Here we should get to the meat of the specifics. I think that as the work of the committee evolves, if we find we should travel into more general areas, I will certainly be happy to go over those more airy questions. However, it was my view that the

committee at this time was here specifically to consider the details of the estimates. I will certainly watch with interest what your views are in this regard.

Mr. PETERS: Mr. Chairman, I think that we are probably seeing the change that has taken place because of an Ontario politician being in this portfolio rather than a western one. However, I do agree with those who have already stated that the policy that is being evolved at the present is a changed policy. Every member of the committee, I am sure, has been interested in and appreciative of the change that the minister has made in terms of the dairy policy, but I think there is still considerable misunderstanding of what that policy is going to be and how it is going to be administered, as well as what the end result of it will be. I believe the committee is very concerned with the political pronouncements that have been made regarding crop assistance, for instance, which has become a real problem.

Several years ago the committee had seriously considered the cost of farm machinery, which is another agricultural problem that was raised during the election and which I think is facing the committee. We are going to have to make some decision on this. And yet I am concerned with the proposition which the Minister raises, because this is probably a logical conclusion to draw from the discussions that took place in the changing of the procedures of the House, which allowed this matter to be referred to the committee as estimates for detailed study. I am of the opinion that if this is going to be done, it should follow the general discussion on the agricultural policies that we were going to be faced with this year. Otherwise we will be coming to an item, for instance, one on crop insurance, and we will be making a decision on it in terms of estimates which is not what the committee hopes to project into those estimates.

I may have put it badly, but it seems to me that we should know in what field we intend to move, because the estimates are really the economic budget of the department officials for things that have taken place in the past and for legislation that is already in effect. If we are going to change this in terms of the cost of farm machinery, are we really going to face the problem of the feed grain agency on which we have had considerable discussion in the past? If we make these changes, this will, of course, throw the estimates out in many areas. To discuss them in terms of the operation of legislation we now have, is one thing. As the previous speaker said, this will only take a very short period of time. However, I think the minister should be prepared to give the committee some indication of his policy. I suggest this has to be done, or else we are going to be working at cross purposes. We should have some indication of what the dairy policy will be in terms of the estimates. What is the Minister's own philosophy in terms of crop insurance? Crop insurance has reached a very critical position in the last year because of the crop disasters which have occurred in three or four provinces and which they were not able to handle. We should know more about the legislation under which we are operating, for example, in the province of Ontario. Here we are trying to solve the problem in my area with the same legislation that has been used in the Minister's area. His is a drought area and mine has an excess of rain, and we are using exactly the

same kind of legislation in both areas because the guide line for any other course has not been laid down by the federal government. The whole matter of ARDA, the redistribution and reuse of land, are matters of primary importance which should be discussed before many of these estimates are considered.

I would therefore make the suggestion that the committee make a decision now on whether or not they should proceed with the estimates as they are, reserving the right to hold back some of the estimates in these particular fields. Maybe the minister would like to reconsider making an over-all statement that would be taken into consideration when each of the separate sections in the estimates is taken into consideration. It seems to me there are two philosophies here: The one we have always followed in the past, and the one that affects the estimates as we discussed them in the House. I think those are two different things. This gives us the advantage of questioning the officials on specifics, and yet how can we question them until we have an over-all policy that may change the operation of each of the estimates?

Hon. Mr. GREENE: If I might answer that question briefly, I think what we are faced with in this new procedure is simply this: This is a system somewhat closer to the U.S. committee system which enables committee members to get right down to the nub of things much more effectively than they have been able to do previously. On the other side of the coin, a minister before a U.S. committee is of course not working in the same way as under our parliamentary system. I cannot come here and announce policy or changes in policy; that is not the way our system works. I therefore think that in this regard I am pretty well tied to the policies to which the government is committed, and to the throne speech. I think this is where the committee can come in, by indicating to me their views about policy. Under our system I doubt very much whether I can come here and announce policy to this committee. I think these are things we will have to work out as we evolve this new committee system, which I think can be very useful. We must remember, however, that we are operating within our parliamentary rules rather than within the republican form of government where the ministers are not ultimately responsible to parliament and are not bound by the collective responsibility of the cabinet. I think these are things that we will have to feel our way through. I certainly happily concur with the opinion that it would be very useful to the government if the committee members themselves voiced their views about what they think the policy should be. Whether I can do the converse, in view of our system of government, and tell you what I think the policy should be, is another matter.

Remember that as a member of the government I am in a position of speaking for the government whenever I speak, and yet I have not the authority to do so. I certainly think the committee members themselves should relate the estimates to the policy as far as possible, and bearing in mind the commitments which the government has made I can talk about policy but I do not think I can talk about future policy except to make a sort of airy statement about my hopes, which I do not think is very useful to you as working politicians. You do not want a political speech, I am sure. I would be very pleased to make one at any time.



I think these are the things we will have to work out. I will be quite candid with you. I have not any firm views as to how this working committee will evolve, and I am sure that for two or three years we will not really know the exact methods whereby this working committee on estimates can be most useful to both the members and the government. I think at this stage you will have to bear with me if I tread rather gingerly on policies because, as a new Minister facing a new ordeal and without any precedent, I think it would be better for me to say too little on the policy side rather than too much at this stage of the game.

The CHAIRMAN: If I may interject as Chairman of the committee, I would like to say that I am of the same opinion as a great many members here. I feel that to a certain extent we have to feel our way along on the proceedings here. However, in my own humble opinion, as the Minister outlined, this discussion should be a more flexible one than it ever was in the House when we dealt with the estimates. The committee can rule on whom they want to see and what they want to discuss. I think there really should be no limit on what we can do in questioning agriculture in Canada in this committee.

Hon. Mr. GREENE: Let us take for instance the dairy policy which you specifically mentioned. We are wide open; that is a policy that is announced.

Mr. VINCENT: You should start on that.

Hon. Mr. GREENE: In that regard I think I and my officials would be prepared to answer anything you want. However, policies that are not announced give me a little more concern, and I can see the newspapers writing tomorrow morning, "Greene says he is going to do so and so with crop insurance", and I will find myself walking into the cabinet and being asked, "Who authorized you to say that?"

● (11: 50 a.m.)

The CHAIRMAN: Have you finished, Mr. Peters?

Mr. PETERS: Yes, for now.

Mr. OLSON: Mr. Chairman, I agree that under this new procedure we probably will have to advance one step at a time to see how it turns out.

I also agree partly with what the Minister has said in that when we get into each one of these separate votes we can put questions to the Minister as well as to his senior officials and perhaps in that way bring up points we wish to raise with regard to future policies of the government. However, I cannot agree that government policy is on the same level as benign hope. I hope there is a far more substantial basis for government policy than to equate it with benign hope. In my opinion, the Minister ought to feel as free in this committee in stating future plans of the government as he would be in committee of the whole on the floor of the House of Commons. Even at the latter stage they do not announce a great deal of new government policy unless they are ready to announce it at that time. But, I would think he normally would feel as free to discuss such matters with this committee as he would when we get back to the



House of Commons. I am sure the Minister realizes that when we do get back to the House the time that can be spent on the estimates of the different committees is restricted. In fact, I think that committee of supply can spend only 30 days in total, and if you take off the supply motions and the interim supply motions there is about one day per department when you can discuss the estimates on the floor of the House. Of course, all departments are not going to be dealt with in the same way; some departments may take several days, whereas on other occasions several departments will go through, after they have had an exhaustive study in the standing committees, in the same day.

Mr. Chairman, these are some of the things I would like to know. First of all, I would like to know what is being done in the research branch to set up advisory committees, made up of certain practical farmers, who can give some direction to our research people so far as applied research is concerned. I would like to know if we are going to have a statement of government policy on crop loss payments, so that some guidelines for the future can be set down to ensure that all requests are treated in the same manner. The Minister has had some experience with this in the House. As you know, some members feel there has been a measure of discrimination between one province and another. For example, I would like to know if there has been any change in the plans for the reclassification of livestock at the exhibitions across our country. I would like to know if any progress has been made on capital construction loans, long-term loans and so on. I would like to know if the Minister or officials of his department have anything positive they can announce with regard to a two price system for wheat which, as you know, has been discussed on a number of occasions. I would like to know about water conservation and utilization in co-operation with the provinces. I understand there are some rather large plans under way by some of the provinces which are working together, particularly in western Canada.

Perhaps many of the things I have mentioned can be brought out at the time the specific item in the estimates is brought forward. But, so far as these estimates for 1966-67 are concerned, if we are going to be confined only to the expenditure made under these various votes, Mr. Chairman, we would be dealing with policy that already has been established while at the same time we would not know the full basis for such a policy; also, we would not know what the projections are in respect of all these matters. In my opinion, Mr. Chairman, this is a proper function of this committee. When the estimates are transferred to a standing committee we can and should carry on in exactly the same manner as if we were in committee of the whole, except in this case it allows an opportunity for four or five committees to meet concurrently. This results in a saving of time by some of the members and also provides an opportunity for them to have more time to go into greater detail.

Mr. Chairman, I do not want to elaborate any further on what I have said at the present time. I have a lot of questions to ask on each of the votes that are outlined in the estimate book, to which the Minister has made very brief reference. But Mr. Chairman, I am seriously questioning whether or not we should start with some specific matter, whether it is dairy policy or research,

and exhaust that, or whether we should not have some kind of additional explanation on some of the major policies, major changes, the major plans the department has for the next few months or for the whole fiscal year, and so on.

These are only some of the matters I have raised; I am sure that other members have many more questions along these lines. For example, there may be several questions put on vote 5 and, perhaps, by the time we have completed the business of this committee we would have had an opportunity to ask questions, to which answers would be supplied. But Mr. Chairman, I should say that I do not believe that we should be confined to discussing only matters involved in these figures before us because, in my view, if we peruse just these estimates and put questions on these particular votes we would not be dealing with the future as much as with the past. I think we have to be given an opportunity to go into some of these matters because we are interested in the direction the government is going and what plans it has for the future.

Mr. Chairman, for the moment I have nothing further to say. I can appreciate the problem of trying to feel our way along, at least in the initial stages.

Mr. GREENE: Mr. Olson, I certainly can see what you are getting at; there is a line of demarcation. For instance, there is an established policy with regard to some of the things mentioned by you, such as crop insurance, and certainly we can discuss that fairly freely. But, may I make this point: if further legislation is contemplated I doubt very much whether the specifics of it can be discussed here. Surely that is a function of the House when and if a bill comes before it.

Mr. OLSON: But surely, Mr. Chairman, the Minister is not going to feel any more confined in discussing openly and freely what his future plans are to this committee than he would be in committee of the whole.

Mr. GREENE: No, I do not think one should be.

Mr. OLSON: Otherwise, if you do feel that way, I think it would be an impediment to the usefulness of this committee.

*(Translation)*

Mr. VINCENT: Mr. Chairman, I think, if the Committee accepts the proposition, it would be preferable to begin to-day with the new dairy policy, or the new dairy program which the Minister announced last week. The Minister will be with us for a few minutes, and I believe it would be interesting to have replies to our questions, because many members of the Committee are wondering about many points with regard to this program. Since this program is to be applied next week, if the Committee accepts this proposition, I think we should discuss right away the implications of this program. If you will allow me, Mr. Chairman, I have three or four questions to ask the Minister right now, which will interest all members of the Committee. The first question which I would like to ask is: How many producers have made an application, or have made a claim with regard to last year's programs and have not yet received their payments? We know that many producers, or at least this is what I have noted, did not make an application for a claim last year, and these producers will

probably not apply. Can the Minister tell us how many milk producers in all of Canada have not yet made a claim and will not receive the additional payment under last year's program?

We know that the Department will have to make an additional payment soon to raise last year's price to \$3.30. This is my second question: Can the Minister tell us now what is the amount of the supplementary payment, and around what date this additional payment will be made to the dairy producers of Canada?

The Minister stated in the House that the government will pay 85 cents per hundredweight less 10 cents which is most acceptable, but, at the same time, he has stated that the producer must pay \$3.25. In the new dairy program, there was no mention of the price of cheese nor of powdered milk, nor casein. And when I asked a question in the House yesterday of the Minister, he told me to read over the statement he had made in the House last week. I did not have to read it over; there was no mention of these three items. I am sure, Mr. Chairman, that the Minister will understand that the producer will not be able to pay a price of \$3.25, before knowing what is the policy of the government with regard to cheese. This is my third question: Will the price of cheese be maintained at 35 cents a pound, or does the Minister think that cheese will sell this year, on the market, at 40 or 42 cents? Moreover, before signing a collective agreement with the plants, the milk producers will have to know exactly what is the policy of the government with regard to powdered milk and casein. If we do not get these details, we will not know if the producer will be able to pay \$3.25 as well as the 75 cents per hundredweight, which will make an average price of \$4.00. I would like the Minister, if possible, to answer these questions, which, to my mind, are most important. The answers will enable us to judge the effectiveness of last year's programs, and also the implications of the program for this year.

*(Translation)*

Mr. GREENE: Mr. Chairman, I merely wish to say that it is much easier for us to discuss a definite question like this, and I am wondering if, when we come to these meetings, we could know what particular subjects interest you from day to day: Item 1 or another Item of the Estimates—it is all the same to us—but it would be much easier for us to know what subjects will be discussed each day and what information I should get in order to help you. I do not know if these questions are to be discussed now. Is it your wish, Mr. Chairman . . .

*(Translation)*

Mr. VINCENT: Mr. Chairman, since I asked these questions, may I say if the Minister believes that the officials of his Department can answer these questions to-day, it would be most important to obtain these replies because the Minister knows the new policy is to be applied on April 1 next, that is, this week. It is our last chance before the application of the new policy.

*(English)*

The CHAIRMAN: As Chairman of this committee, I stated earlier that under item 1 members are entitled to ask any questions they desire; if the answers to such questions are not available today I would hope they would be made



available at the next meeting. I stated that under item 1 we could discuss agriculture in the same manner as we do in the House when we are in committee of the whole. After we have passed item 1 we will be able to judge fairly well ahead what items will be coming before the committee at future meetings. If the Minister sees fit to answer your questions I, as your Chairman, feel that they should be answered today, if possible. But, I am in the hands of the committee in this regard.

Mr. ÉTHIER: I would be pleased if answers to questions put today were given.

(Translation)

Mr. GREENE: I would like to ask Mr. Williams, who is well versed in the dairy policy, to answer the three questions which have been put by Mr. Vincent.

(English)

Mr. S. B. Williams (*Assistant Deputy Minister, Production and Marketing, and Chairman of the Agricultural Stabilization Board*): Mr. Chairman, I will speak in English because it is easier for all. I believe Mr. Vincent asked three specific questions, although some have multiple answers.

The first question put by Mr. Vincent was: "How many producers have made application for supplementary payments under last year's program who have not been paid yet?" At this moment I cannot give the exact figures, although I can say, with very few exceptions, the data processing system at the present time is dealing only with current applications. There are a few that have been returned to producers which have not come back yet. Therefore, technically, some who have made application have not been paid. There falls within that group those which did not correspond with the other records we had, and they had to be returned for further questioning. But, the ones that are with the department at the present time, which do not require a return to the original applicant or to the plant for questioning, are being dealt with on a very current basis. At the present time we still are getting applications at the rate of 200 a day, as a result of which we do have some backlog at any one time because it takes a week or 10 days to process them; you see, they are processed in batches and our data processing system has to handle them, and then they go to treasury office for the issuance of cheques. So, essentially, we are on a current basis at the present time.

Your second question was: "How many have not made applications?" I cannot answer that question although I can give you some indication. Our original estimate was that there would be approximately 200,000 to 210,000 applications for eligible producers. As you recall, an eligible producer is one who has shipped in the year in question 10,000 pounds of milk or 350 pounds of butter fat, and our original estimates were based on the 1961 census. It looks at the present time as though we will not get more than 150,000 or perhaps 155,000 applications, but we do know that over the years previous to 1961 we were losing dairy producers at the rate of 15,000 a year. Therefore, the difference between 200,000 or 210,000 and 150,000 or 155,000, which we



expected, is consistent with the rate of losses that we also might expect based on historic figures with regard to wastage or movement to other areas of agriculture, or other areas of employment by farmers. As a result of this, I cannot give you a specific figure, although it looks as though we are going to pay out to about 150,000 or 155,000 people.

However, it might be of interest to the committee to know that our estimate in dollars is almost exactly correct; in other words to start with, our average payments to producers is higher, but the number of producers is fewer, which would indicate there has been a consolidation of units, which is consistent with the population of dairy cows in this country. At the present time our average payment is approximately \$140. At the time the estimate was made I think it was slightly over \$100; I think it was \$106.

● (12: 10 p.m.)

Mr. VINCENT: May I interject a question there just before going further?

Is there a date limit for application?

Mr. WILLIAMS: When the original application forms were sent out the words used were "to ensure consideration this must be received by the 31st July." No other limit has been placed on it as yet, but applications are being honoured that have been received since then.

The second question dealt with the deficiency payment and was in two parts, I believe: Do we have an estimate of how much it would be; and, secondly, when it would be made? I am afraid I cannot answer either part of the question. In general, I can say for the information of the committee that prices of milk based on the records we have to date have been stronger than we originally thought when we estimated the \$3.15. These records, however, are subject to complete audit, and until the complete audit is done—and incidentally we will not have the March figures until about the end of April—I think it would be premature for me to make any statement on the size of the deficiency payment, if any. Therefore, the answer as to time is that if there is one to be made we would anticipate that we could make it probably towards the end of the month of May. In other words, we will not have the information until the end of April; it is subject to complete audit at that time. In addition to that, you will recall that under the deficiency payment the cost of export assistance was to be deducted. Complete figures are not yet available under export assistance because there is still product moving into export assistance and there will be until the board has authorized all export assistance. There has to be a complete reconciliation on that, and we will not have that information until after the board has authorized all the export assistance; so I cannot give complete information now.

The third question Mr. Vincent asked was a much more complex question. He asked for the details of the procedures that would be followed in order to create a climate in which processors could pay \$3.25 for manufacturing milk. I think you gentlemen will all recall that in the Minister's statement he said it was not the government's intention nor was it within their ability to set a price

of \$3.25; that this would be a matter that would have to be set by producer groups and boards. I think possibly if we deal with these on a broad basis to start with I can then try to answer any specific question.

It is the intention of the board to maintain the price necessary to produce these returns through a variety of means. This variety of means will include export assistance; it will include offers to purchase; and it may include direct purchase at a specific price. The proposal at the present moment—and I may say this is a matter that was discussed no later than this morning with the board—is that the actual procedures that will be followed will vary with the product and with the market at the time.

Let me take an example. At the present time, cheese is selling in Ontario on the Ontario board for  $43\frac{1}{2}$  cents per pound. At  $43\frac{1}{2}$  cents per pound it is estimated that processors can pay approximately \$3.35 or \$3.40. The price for cheese milk in Ontario is set by the Ontario board at \$3.35 at the present time. Therefore it is obvious that in so far as cheese is concerned at the present moment the board need do nothing in respect of Ontario. Of course, there is the rest of the country, but in general the Ontario prices set the price of cheese in the province of Quebec, which is the other major cheese producing area.

It is also quite as obvious that in about a month's time the cheese supply will be such that exporters will need some assurance on how much export assistance will be available in order that they may move this into markets. If this is not moved into markets off-shore, it will not be possible to maintain a price of  $43\frac{1}{2}$  cents because the domestic market simply will not absorb our cheese during our times of high production. We must find a place for it.

The Agricultural Stabilization Board have a joint committee of producers and processors which makes recommendations to the Agricultural Stabilization Board in respect of the level of export assistance. This is a technical committee. The Agricultural Stabilization Board endeavoured to set up a meeting with this committee this week. Unfortunately it is not possible because two members are out of the country, but it is our intention to set up a meeting early next week. At that time we propose to make an announcement of what the then current level of export assistance may be in respect of all of these products. You gentlemen will probably all recall that this fluctuates from time to time depending on the market. Last year we had export assistance for powder—I am not too sure of the figures—at I think at least two, three or five different levels during the year depending on our supply position and our market in relation to the export market. We have one other consideration, and that is the question of cheese, where the trade in general buys cheese and holds it for curing. They are very much in favour of a support price that is related as closely as possible to the market price; they are not in favour in general of it being at the market price because this simply interferes with trading. The reason they ask for this is to finance their holdings so they can obtain bank loans up to the support level.

In general, it is difficult to put our support level higher than the price in which it moves to the United Kingdom—in other words, our subsidized price. This is a question which was discussed briefly at the board this morning, but no

decision has yet been made. There will be an announcement before the first of the dairy year, or very shortly thereafter, in respect of our support price for cheese. We have not in previous years had an official support price under the Stabilization Act for powder or for casein. I think you realize that cheese is in a different category from casein and powder in so far as its legal status is concerned. Cheese is a mandatory product under the Stabilization Act and the board must have a minimum of an 80 per cent support level for it. The other two products in general are dealt with under a different board; they are dealt with under the Agricultural Products Board.

Mr. VINCENT: What is the support price on cheese right now?

Mr. WILLIAMS: The support price is 35 cents at the present moment.

Mr. VINCENT: So this is the trouble. If someone wants to put in stock some cheese he has to go to the bank, and they are counting only on 35 cents.

Mr. WILLIAMS: That is correct, yes.

Mr. VINCENT: You had an offer to buy powder last year, so many pounds at such a price?

Mr. WILLIAMS: I do not think that is quite correct, Mr. Vincent. We went out on tender at certain times in the past years but last year we did not have a flat offer to purchase powder. We had export assistance. As a matter of fact, we did not buy any powder at all last year. This is a rather difficult problem in that the method whereby we pay our export assistance is to buy the powder from the tenderer in a paper transaction and sell it back to him immediately. We never take possession of the powder; we buy it and sell it back to him at the price at which we purchase, less the export assistance. This is just a mechanical means of implementing it. The price at which we bought it on paper last year bore no relationship to the market; it was 11 cents. When there was a 2 cent subsidy we sold it back at 9 cents. This was just in an effort to make use of existing legislation in order to implement a policy, but we did not have a purchase program at the actual price or close to it. As you know, the price averaged somewhere around  $15\frac{1}{2}$  cents or 16 or  $16\frac{1}{2}$  cents. It is about  $16\frac{1}{2}$  cents now. It varied around the 15 to 16 cent level.

Mr. VINCENT: May I ask a few more questions, Mr. Chairman?

The CHAIRMAN: Mr. Vincent, you started your questioning at two minutes after twelve o'clock. I would like to remind the committee that the Minister and the Deputy Minister have to be at another meeting at 12.30 and that they had asked to be excused at 12.15. The other officials will remain. I think we should excuse the Minister and the Deputy Minister at this time and then proceed with the next questioner, unless the committee is unanimously agreed that Mr. Vincent may carry on.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I think we should let Mr. Vincent carry on for a few more minutes.

Mr. NASSERDEN: I have something I would like to say before the Minister leaves.



The CHAIRMAN: We will still be dealing with Item No. 1 when the committee meets again, so if it is the wish of the committee we will be able to ask the Minister to appear at the next meeting. This is my understanding of our procedure; and if we leave that procedure I think we can put the work of the committee out of kilter.

Mr. HERRIDGE: Before the Minister leaves I would like to say that I quite appreciate the fact that we cannot expect the Minister to announce policy here that has not been decided by the cabinet. I am sure we all welcome his presence and I hope he returns when convenient.

I do want to tell the committee that I have had the Minister's handwriting read, and I was most impressed. I am informing all my farmer constituents that they should consider that hope may spring eternal within their breasts!

Mr. GREENE: I hope you will excuse us. I am going to ask Mr. Beer to take over and I will ask you to consider the feasibility even on Item No. 1, if you wish to proceed in this way, of giving us a specific subject matter for the next meeting so we can be prepared and have the right officials here.

The CHAIRMAN: I suggest you obtain a copy of the report of that handwriting expert and have it deciphered, Mr. Greene!

Monsieur Vincent.

Mr. VINCENT: I am quite satisfied with the present price of cheese. I do not think it will be any trouble for the factories to pay \$3.25 or more, especially if the price of cheese keeps on like this all summer. I am sure the price of cheese will be good all summer. However, you have some factories which are processing milk into butter and milk products. In the new program butter will be 59 cents a pound, and with the price of powder as it is now they can go up to \$3.20 or \$3.25. But these people are quite sure that during the summer time they will not be able to pay more than \$3 if the price of butter is exactly the same as it was or a few cents higher than it was last summer.

Is it possible for you to tell us what is the price which the factory can pay right now with the present price of powder and the present price of butter and of casein?

Mr. WILLIAMS: I think I would be answering questions that the factory should be answering if I were to answer that. Let us put it in this way, Mr. Vincent. I think you gentlemen all realize that the price that a processor can pay for the milk he makes into butter and powder depends on three things, the price of powder, the price of butter and his efficiency of operation. Change any one of those and you change the price he can pay. The calculations used by the board go something like this: One price is absolutely fixed; that is the price of butter, which is 59 cents. Because of the board's purchase and resale price for butter, a policy for butter at 59 cents in essence fixes the price of butter everywhere in Canada. We have one variable over which he has some control, and that is his efficiency of operation. I know there are many who will argue that they have very little control over that, but no one else will have control over that if he does not. The third is the price of powder. For each one cent change in powder the price that a processor can pay for milk goes up or down



by approximately eight cents. The figures that the board used in general are of this nature: 59 cent butter, 18 cent powder and about a 67 cent operating cost. That arithmetic will produce \$3.25.

I am quite convinced in my own mind, and I am sure everybody else who is involved in this is quite convinced in their minds, that there are plants that can operate for well under 67 cents or 70 cents. There are plants which can operate but will have difficulty at certain times of the year. I think you all realize that the level at which the plant operates determines to a great extent its efficiency. If it is operating 24 hours a day at full capacity, the efficiency is one thing, but if it is operating at half capacity for a part of the year, it is a different thing. So I do not think we can be quite categorical and say this must be and that must be.

Mr. VINCENT: But with the trend of the market as it is, do you think the powder will go lower than 16 cents during the summer? It is only a forecast.

Mr. WILLIAMS: I think, Mr. Vincent, that if it goes lower than 16 cents the whole policy is in jeopardy, therefore I think it is incumbent upon the board to see that it does not go lower than 16 cents. I am not saying by this that it is incumbent upon the board that it be maintained exactly at 18 cents. We could go out and offer to purchase at 18 cents and maintain it at this, but then one immediately removes any incentive from the trade to move the powder itself. When we have gone into such a program, in general we have ended up in trouble because after a little while the trade has tended to want all this to go to the government since one does not need any salesmen on the road if one is selling to the government.

Mr. VINCENT: I have just one more question, Mr. Chairman.

When the cream shipper is sending his cream only to the factory, do these people receive only \$2.15 plus the 75 cents?

Mr. WILLIAMS: These people will receive exactly the same subsidy as is paid to the man who ships manufacturing milk. They are not going to receive any subsidy or any assistance on that part of their production that they keep at home. I will not quarrel with the figures, the \$2.15 and the 75 cents, or anything of that nature; but what I am saying is that I think one thing that we overlook sometimes in dealing with cream shippers is that the \$4 figure that is quoted in the policy announcement is f.o.b. the factory. In general a cream shipper ships about 10 per cent or one-tenth of the volume that a manufacturing milk shipper has to ship. In other words, when you work their costs back to the farm their discrepancy is not as large, and when you work the cost back to the farm and take into account the value of the skim milk that he retains, the discrepancy is not as large as the figure you quoted.

● (12: 30 p.m.)

Mr. NASSERDEN: Mr. Chairman, I was rather disappointed at the minister's statement this morning because it did not give us any indication of the direction in which we should be looking concerning the assessment of these estimates and perhaps the recommendations which we should be making following the completion of their study. I cannot help but wonder whether the government

wants us to take a very close look at the operations of the Stabilization Act. In the House itself, on a number of occasions, they have indicated it would be brought before the committee for a complete study. It is now eight years since it was revised, I believe, and surely during that period of time some recommendations have been made by those who have been charged with the responsibility of administering the Act, some recommendations on the practice as evidenced by results in so far as farm people are concerned. There is also the problem of farm implements which has not been touched in these estimates at all, a problem that has been mentioned in statements by the minister and by various members of the government, a problem that was shelved when this government took office, a problem that is one of the great problems facing the agricultural industry today.

There is also the matter of the Board of Grain Commissioners, and the matter of the Canadian Wheat Board coming before the committee for a review of their operations, and the matter of the decline of the price of wheat during the past years. There are problems with regard to box car allocations, and so on. All those problems should be studied by this committee, and perhaps out of that study conclusions will emerge which will solve the problems we had in the past.

There is also the matter of research on which questions should be asked at this time. I myself think of the changing patterns of research in this country at the present time. I wonder what the government's policy is. I wonder whether the budgets for the research program that have been presented by the various departments have been slashed, whether they have been accepted as they were presented by the officials concerned, or whether they have been amended by the department in any other way.

It is also a notable fact that the whole program of ARDA does not come under these estimates, as I look them over. The problem of feed grain assistance in eastern Canada does not come under these estimates either. All of these things tend to raise the question regarding the effectiveness of the whole set-up of the Department of Agriculture under a minister of the crown. I believe, because of these things, that we should have had a comprehensive statement from the minister outlining the attitude that he has towards all of these things, taking into account the fact that he is a new minister turning over a new leaf, and, we hope, giving new leadership to the industry.

The CHAIRMAN: I would like to say at this time, Mr. Nasserden, my understanding is that both the forestry and rural development estimates will come before this committee separately. The committee will therefore be able to delve into them in as great detail as they desire. ARDA comes under rural development. That is the information I have been given. The parliamentary secretary tells me that feed grains will also come to this committee separately.

Mr. NASSERDEN: Could the parliamentary secretary tell us whether the committee is going to be given an opportunity to go into detail on the operations of the Stabilization Act and the Wheat Board, as well as the Board of Grain Commissioners? What are the plans of the department with regard to the farm implement problem?

Mr. BEER (*Parliamentary Secretary*): That question wraps up several questions in one pretty comprehensive one. In the first place, as the Chairman has suggested, feed grains and rural development will be discussed under the estimates of the Department of Forestry.

In answer to the question you raised with regard to the Wheat Board coming before this committee, I will say that this will not be so because at the moment the Wheat Board is under the jurisdiction of the Minister of Finance, and when his estimates are before the committee you will have the opportunity of questioning that operation at that particular time. I would not know of any reason why the activities of the Board of Grain Commissioners could not be discussed here, as well as the other items which you mentioned. I would not know of any limitations which would prevent us from discussing those items here in this committee.

Mr. OLSON: Mr. Chairman, I have a point of order. Before us now are the estimates of the Department of Agriculture. Surely if the House orders the Wheat Board and the Board of Grain Commissioners to be specifically referred to this committee, they could be dealt with here. However, I do not think that it should be our concern to attempt to have all of these things automatically referred to us because the estimates were also referred to us. I think there is a very sharp distinction between dealing with the estimates and dealing with other subject matter with which this committee is competent to deal if that matter is referred to it by the House.

The CHAIRMAN: In essence what you are saying is that this committee can act on the estimates, and the only other way they can act is by order of the House.

Mr. OLSON: Mr. Nasserden raised the matter of the Wheat Board and the Grain Commissioners. Any time those have been considered by the old committee on agriculture and colonization, there was a specific motion that this subject matter be referred to the committee. That has not been done here as yet.

The CHAIRMAN: We cannot go beyond our specific terms of reference. I hope that Mr. Nasserden, who is so much more of an expert on House procedure than I am, will agree with this.

Mr. NASSERDEN: This has worried me because last session we heard promises in the House that Stabilization Act would be brought before the House. The Minister had no objection to it. Apparently the committee was master of its own destiny. It was never brought before the committee; indeed I would be less than frank if I did not say that I do not think there was any intention of bringing it before the committee. This is the reason I have raised this today. The estimates can be put through here, and all of us appreciate that fact, and yet we need a little more examination of what has taken place over a period of years on certain of these items so that we can try to evolve some improvements in the legislation that we presently have. If we are going to throw the ball back and forth between the House and the committee—we have no objection to



studying a specific item and yet, at the same time the committee feels it has to wait until the House directs it to do so—then we are not going to get very far with this study and it will be a futile exercise, such as we had last year.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I would like to comment on some of the fears that have been expressed today about our inability to delve into the dairy policy, research, et cetera. I see no reason why this committee cannot study, as thoroughly as it wants, any topic covered by the items in these estimates. I do not see any reason why we should deal this year not only with the estimates but also make any suggestions we wish to make to the department. This is the real advantage that this committee has over the previous ones. We can question officials of the department, we can find out what they are doing now, and if we have ideas of our own, we can suggest them. This is the purpose of this procedure. I frankly think that a number of fears that were expressed are unjustified. For example, several people mentioned research. I have some ideas about research that I would like to mention, and I would like to find out what has been done about several areas in research. When we come to it, I would expect that we will be given full freedom.

Mr. Chairman, I would just like to ask a couple of technical questions. Is the committee going to publish its Minutes of Proceedings and Evidence?

The CHAIRMAN: Yes, it is.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Have you decided on the number of copies?

The CHAIRMAN: That was decided at the organization meeting of this committee.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): How many will be printed? I feel that, for example, this morning some extremely interesting answers were given by Mr. Williams. There might conceivably be members who will want to send out copies to the dairy farmers in their region. I think the committee should be given permission to print as many copies as they wish to. There should be flexibility here. At the end of each meeting we should have the right to decide on the number of copies that we want printed because if you limit the number of copies of the minutes to, say, a thousand copies in English and 500 in French, that number would be inadequate for a number of meetings. For example, it would be inadequate for this morning's meeting because I want to send out a few copies.

The CHAIRMAN: I think that the organization meeting which met on February 17, and to which all members were invited, agreed that the committee print 850 copies in English and 250 in French of the Minutes of Proceedings and Evidence. There would have to be an order from the committee to change that number if the members are desirous of doing so.

I think any member is free to put in an order for a certain number of copies to be printed if they feel it is important enough and they want these copies themselves. They can do so by special order.



Mr. BEER: Mr. Chairman, may I make an observation? It alway seems to me that under item 1 we can get into a general discussion but that we would get much further ahead if we dealt with the items before us and then returned to item 1 to deal with the other things that the members feel have not been properly exposed and on which they wish to comment. Maybe we could do the job that is in front of us and go throught these items one by one, such as the Board of Grain Commissioners under vote 50, and then come back to item 1 to discuss all the other things that the members feel have not been properly dealt with.

Mr. HERRIDGE: Hear, hear.

Mr. OLSON: Mr. Chairman, we discussed this thoroughly in the steering committee, and if we are going to follow the same form that has been used in the committee of the whole House of Commons, we will find that they always pass item 1 first. There are a whole lot of practical problems that arise from leaving item 1 to be dealt with last, one will be the matter of quorums. When you know that item 1 will be discussed at the end, you can revive any subject under it, matters which have been gone through in great detail, such as the Borad of Grain Commissioners, research or whatever it is. If some of the members had not been here when those items were discussed, and then item 1 were considered at the end, then any matter that has been gone into thoroughly can be revised over and over again. I think it would greatly add to the length of time required to get these estimates through if you left item 1 to the last.

Mr. ASSELIN: I agree with Mr. Olson. I think it is important we pass item 1 first.

The CHAIRMAN: We agreed to this at the start of the meeting, if you followed the steering committee's report which was adopted by the committee.

Mr. SCHREYER: Mr. Chairman, I think there is some advantage in having the kind of general discussion we had this morning because it enables the Chairman and the government to obtain a consensus of opinion among the members on what are the specific areas which the members of the committee want to investigate, and it enables the government to prepare by getting the people ready for the next meeting and by bringing forth certain information. I think, for example, at least I gathered this from opinions expressed here this morning, that members will want to concentrate on matters having to do with farm machinery prices. I take it the Chairman or the Parliamentary Secretary will now undertake to do some preparation before we come to discuss that in greater detail.

Secondly, we have the matter of the Wheat Board. I hope that the Chairman will attempt to get an undertaking from the House leader or someone in the government to get an order of the House transferring consideration of the Wheat Board to this committee. It seems to me rather awkward to have this considered by the Department of Finance.

Thirdly, we have the matter of research programs. By the time we meet next the government will have had enough warning to have its people before us to answer questions on the research programming. As far as I am concerned, I

would like to be able to ask some questions relative to the cost of production research. In that case, what is to be gained from this kind of discussion? I think you have an adequate warning now regarding what matters we will want to discuss in the course of our next few meetings.

Mr. FORBES: Could I say a word on that, since this is a new form of committee, and different from our previous one, possibly with more jurisdiction than the previous committee had? Like some previous speakers I was disappointed with the Minister's statement. I was expecting direction from the Minister, that he would come before this committee and say, "Here is a certain problem with, let us say, machinery. We would hope to bring this to your attention and ask for your recommendation on what form of inquiry you want, an inquiry by a judge or by some other competent person or by this committee". I was hoping for the same thing with regard to any other problem such as crop insurance, that he would say, "We want the benefit of the advice of this committee on this whole policy. This will be discussed at a certain time," and the same thing with respect to the price of wheat, as someone has already said, owing to the fact that it has dropped. We should discuss the reasons why it should be raised in relation to the cost of production. I thought this was the system we would follow in this new committee which was set up to assist the Minister. Why should we bring this to the attention of the Minister? He should bring this to the attention of the committee and seek advice from us.

Mr. SCHREYER: I have a specific question to direct to you, Mr. Chairman. Are you now going to ask for an order of the House to transfer the consideration of the Wheat Board to this committee, or are you still waiting for some indication?

The CHAIRMAN: I do not know what my real powers are as your Chairman but I will certainly consult with the authorities and with the Minister and Ministers concerned with the Wheat Board, if it is the wish of the committee, because I do not feel I should act on my own unless the whole committee is desirous that I should act this way. I think it would be proper not only for the Chairman but for the whole steering committee to discuss this with the ministers concerned. However, it is up to the committee, because I do not believe I have any real authority to do so as the Chairman.

Mr. SCHREYER: I understand this but there is some consensus here that this should be so. I do not know whether it requires a formal motion.

Mr. WATSON (*Assiniboia*): May I say a word pertaining to what Mr. Schreyer has said regarding the Canadian Wheat Board? This is the Agriculture Committee consisting of farmers. We are chiefly concerned with the Canadian Wheat Board as the agent for selling wheat. I think that if the Wheat Board is to be considered, then this is definitely the committee that should deal with this matter, and not the Minister of Finance. Possibly we should ask the government to look into it, and ask them whether they are planning to put the Canadian Wheat Board back into agriculture, where I personally feel it should be. If I understand this properly, the Wheat Board is under the jurisdiction of the Minister of Finance because he had it before and was familiar with it. I

understand it will stay with the Minister of Finance until the present Minister of Agriculture more or less gets the feeling of the Department of Agriculture, when it could possibly be transferred back to him.

Mr. ASSELIN (*Richmond-Wolfe*): Does there have to be a request from this committee to the House to have this matter referred to us?

The CHAIRMAN: I do not think we have that authority. The parliamentary secretary is here, and he will take note of it as well as the ministers in charge of the departments.

● (12: 50 p.m.)

I think what Mr. Watson of Assiniboia has in mind is that if the Wheat Board does come under the jurisdiction of the Department of Finance at the present time it should be transferred to this committee.

Mr. WATSON (*Assiniboia*): That is correct.

The CHAIRMAN: And, as Mr. Olson pointed out earlier this morning, this committee can deal with anything which the House directs to it, and it is not able to go beyond that jurisdiction. If the House sees fit to give us the authority to call the Wheat Board officials before this committee, then there is nothing wrong with the committee doing so.

Mr. NASSERDEN: Mr. Chairman, would you consider entertaining a motion asking that this be done?

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, I would suggest we ask the steering committee to ascertain what procedure we should follow with regard to this matter.

The CHAIRMAN: I think Mr. Asselin's motion is more in order and that we should ask the steering committee to consult with the appropriate officials on this question.

May we have someone to second that motion right now?

Mr. NASSERDEN: I would be happy that this be done but, Mr. Chairman, I want to establish whether or not we have the right to ask that such things be brought before this committee or whether it is someone else's responsibility to do that. I am sure a number of members will agree when I say that procedural questions put in the House during the past year have been answered unsatisfactorily, particularly as they pertained to operations under the Agricultural Stabilization Act. We do not want to be given the same kind of run around again this year.

The CHAIRMAN: I believe if this matter is put in the hands of the steering committee they will be able to make a very thorough study of it. I am in no position to clarify this at the present time. I think a motion would be in order at this time, if we can find a mover and a seconder, that our steering committee study this matter and report back to the committee at a later date.

Mr. ASSELIN (*Richmond-Wolfe*): Personally, Mr. Chairman, I would like to move that this matter be brought to the attention of the steering committee for discussion, with a report back to this committee on what procedure they would like us to follow.



The CHAIRMAN: Mr. Nasserden, would you second that motion?

Mr. NASSERDEN: I will be glad to.

The CHAIRMAN: Now, I hope members will understand what this motion means. Although I am not 100 per cent clear on it I believe that it is the intention of members of this committee that the steering committee should study how the problems of these different boards can be brought before this committee for study. Am I correct in this assumption?

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, did the motion not just have to do with the Wheat Board?

Mr. PETERS: Mr. Chairman, I think the whole matter should be raised on the floor of the House. Do not forget that this motion and the inclusion of a request in the report will open the whole matter up for discussion on the floor of the House.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): You mean a motion to refer this matter to the steering committee?

Mr. PETERS: No, but you have given directions what you wish to be done, and it will have to be reported to the House.

The CHAIRMAN: Mr. Asselin's motion is that the committee make a study of what their authority is with regard to bringing these groups before this committee, and then they are going to report back to our committee on how far we can go with any action we may wish to take.

The CHAIRMAN: Have you a question, Mr. Nowlan?

Mr. NOWLAN: Mr. Chairman, mention was made of the Wheat Board being dealt with in this committee—and I can appreciate the concern with regard to this—but I thought I understood differently in respect of ARDA. Is it the intention that ARDA will be dealt with in this committee, or will it have to go to the forestry committee?

The CHAIRMAN: Mr. Nowlan, it is the same committee, and the members are the same. The committee is known as the Standing Committee on Agriculture, Forestry and Rural Development. Both forestry and ARDA will come before this same committee.

Mr. HERRIDGE: Mr. Chairman, I have a recommendation to make. Would the mover of the motion broaden that a little because when the steering committee meets it may run into similar problems with other items. Would you broaden your motion to give authority to this committee to ask any group of officials or any board to report, because it may not only be the Wheat Board in which we are interested.

Mr. ASSELIN (*Richmond-Wolfe*): I think the same result would be had in the way I have suggested it. After we have received a report on the Wheat Board we would know what procedure to follow with any other board.

The CHAIRMAN: I think there have been many good suggestions. However, I think you should let the steering committee deal with these matters. In the meantime members of the steering committee can consult with the necessary officials and report back to our next meeting, at which time we may be able to give you more information on what the actual position is.

Mr. VINCENT: I would just like to mention one thing that the steering committee should study. We are discussing now the agricultural estimates of the Department of Agriculture. If we wish at some time in the near future to call officials of the Forestry Department before this committee, is it necessary that we complete the agricultural estimates before going on to forestry? Or, would it be up to us, next week or two weeks from now, if we wish to have the Minister of Forestry before this committee, without completing the estimates of this department, to say that it is our wish that he appear at that time?

The CHAIRMAN: I would think there would be nothing wrong with this procedure, Mr. Vincent. There may be some rules in this connection with which I am not conversant but, in my opinion, it would be within the power of this committee, if it saw fit, to stand the estimates of agriculture and bring the Minister of Forestry before the committee before completing the estimates of the Department of Agriculture. There may be cases when we feel it is urgent that some discussion take place on forestry, rural development, or any other pertinent matter.

Mr. VINCENT: I think the Minister of Forestry should appear before this committee.

The CHAIRMAN: I think all of this can be discussed when the steering committee meets. As I said, after discussing this in the steering committee a report will be forthcoming, and I would prefer if you waited for this report.

Mr. VINCENT: It is very important that we have a statement by the Minister of Forestry as soon as possible so that when we reach his estimates we will have had time to study his statement.

The CHAIRMAN: Your suggestion is a good one, Mr. Vincent.

Mr. HERRIDGE: Mr. Chairman, in fairness to the officials who will be appearing here from time to time I think it only right that members of this committee advise the Chairman of the subjects they are particularly interested in so that the appropriate officials can be on hand at the time when questions are posed. This would alleviate the situation of so many officials having to be in attendance each time we meet. In this way they would be able to give more time to their normal duties.

The CHAIRMAN: Mr. Herridge, the steering committee will give this some thought at the same time. There is much we have to learn about the procedures under this new system. As Mr. Schreyer put it, much has come out of the discussion we have had this morning, even if it does not seem important, because we are hearing the views of members of this committee on how they wish to proceed. All these questions certainly can be considered by the steering committee.

Mr. LEFEBVRE: I agree with Mr. Herridge's suggestion that the motion made by Mr. Asselin should also include all other boards that may come up for discussion in this committee—not only the Wheat Board but any other boards or departments.

The CHAIRMAN: We are not limiting the steering committee in its study of procedure and who shall or shall not come before the committee.

Mr. LEFEBVRE: Then, if I understand correctly, the steering committee will advise who will be appearing before future meetings of this committee.

Mr. HERRIDGE: What boards will be appearing?

Mr. LEFEBVRE: Then, next week the steering committee should be in a position to tell us what will be coming up at the next and subsequent meetings in order that members can get ready to put questions to the appropriate officials who will be invited to appear at that time.

The CHAIRMAN: That is the usual procedure of any committee, Mr. Lefevre. We still will be on item 1 at our next meeting, and at the same time we will have a report from our steering committee to present.

Mr. ROXBURGH: Mr. Chairman—

Mr. PETERS: On a point of order, Mr. Chairman, this raises another problem; if you are going to do this, then we should be charging the steering committee with preparing an agenda. Item 1 covers the whole waterfront, and we are not interested in doing that. This meeting this morning, in my opinion, has been a highly unsuccessful one.

Mr. HERRIDGE: I do not agree with you.

Mr. PETERS: Well that is my opinion; perhaps before we adjourn today I will change my opinion. An agenda should be prepared by the steering committee. We should charge them with doing this task in order that we will know the various subjects which will be discussed and on what dates these will be taken up. There would be certain aspects of item 1 which we would want to discuss, which would necessitate an agenda prepared by the steering committee. If we are going to have any order in this committee we should charge the steering committee, as I said, with preparing an agenda, even though this has not been necessary in the past.

The CHAIRMAN: Will you proceed now, Mr. Roxburgh.

Mr. ROXBURGH: Mr. Chairman, although I was recognized by you the hon. member jumped up on a point of order, a point of privilege, or whatever you want to call it. If this type of interference is going to be allowed to persist no one will have their proper turn and it will affect the progress of this committee.

Mr. Chairman, I was going to comment upon exactly the same thing which Mr. Peters brought up. Earlier today Mr. Forbes mentioned that the Minister should put forth certain ideas of his own. I do not know why. What is the purpose of this committee anyway? If we have a problem we are the one who should bring it before the committee and suggest remedial action. We should



press our own point of view. It would be possible for the Minister to put forward something with which we are not interested in dealing at this time. We in this committee may feel the grain business is more important or that the dairy business is more important.

Irrespective of the hon. member's view, we have had a good meeting this morning. But, let us revert to what has been mentioned by the former speaker; I think it is necessary that we discuss the subject with which we wish to deal at our next meeting. I do not know whether we are going to proceed with the dairy problems or the grain problems, both of which are big problems. I have several questions I would like to put with regard to these and certain other matters. I think we should advise the steering committee of the subjects which we wish to study in the order in which we feel they are important. Then, it is up to the steering committee to ensure that the Minister or those representing the different departments are available at the allocated times.

The CHAIRMAN: I think everyone of us should study standing orders and the rules under which we proceed. This system is expected to give a much freer opportunity in going through the estimates than was the case previously. We are supposed to be dealing with estimates in this committee. And, Mr. Peters, if you think we have wasted time this morning may I suggest that when item 1 comes before the House all sorts of different subjects will be discussed—they talk about everything in the House and no one gets any place—whereas in this committee every member has an opportunity to put questions and obtain direct answers. The Minister makes statements in the House which have come by way of his deputy ministers and departmental officials, but you receive direct answers here. Never before in the history of our House have committees had this privilege. We can make a big fuss about what should come before this committee, but your steering committee has been selected—and I think the members of it have an average intelligence—and I am sure it will be able to look after our needs. I would ask that you put a little faith in this committee and let them iron out these different problems, and then return with a report at our next meeting.

Mr. FORBES: Mr. Chairman, in reply to Mr. Roxburgh, I am sure he misunderstood what I had in mind. For example, during the Minister's trip out west reference was made to the high cost of farm machinery and that something would have to be done about it. I just mention this to suggest that certain items would have priority over others in this committee because they are urgent matters. I was hoping to receive some direction when I made my statement. I am satisfied with the steering committee taking these things under consideration but, in my opinion, some direction will have to be given or we will be talking about everything and getting nowhere. For example, are we going to have the Stabilization Board at our next meeting? What is the procedure?

The CHAIRMAN: If we are still on estimates we will have to have some officials from the department present. The steering committee will endeavour to work out a proper program for the next week. Under the standing orders I do

not think we can be so specific as to say that we are going to discuss dairy policy when we are discussing something else. Mr. Schreyer is asking for the floor.

Mr. SCHREYER: Mr. Chairman, I would like to make two observations. First of all, while I think we should allow a certain discretion to the steering committee at the same time this committee has authority to issue instructions to the steering committee. I submit that one instruction which should be given to the steering committee concerns the bringing forward of the estimates of the Wheat Board.

The second observation I would like to make—and this has to do with what the Minister said earlier today—is if we can ascertain what it is members of this committee wish to discuss, we can arrange to have the appropriate officials present at the appropriate time. In view of this I think it would expedite discussion in committee if members were invited by the Chairman to submit a written memorandum indicating what specific things they wish discussed.

Mr. ÉTHIER: Mr. Chairman, mention was made of bringing the officials of the Wheat Board before this committee. I do not see the reason for this request. As we all know, members of western Canada are the ones who are primarily involved with the Canadian Wheat Board. I do not think we should ask the Department of Finance to have the Canadian Wheat Board brought before this committee because, as I said, those interested in the Wheat Board can attend the appropriate committee to put forth any questions they have on any problems. I think this would be a better plan for all those members from western Canada because they will have only the Wheat Board to discuss at that time in that particular committee.

The CHAIRMAN: There has been a motion made by Mr. Asselin, seconded by Mr. Nasserden, which we have not acted upon this morning. There has been a lot of discussion on this motion and if we do not vote on it right away we may find that we will be unable to do so because of the lack of a quorum, due to the busy time schedule members have. Different groups have been mentioned for study before this committee; very many suggestions have been made by members on other matters but, in my opinion, and as I have stated, this can be properly dealt with by the steering committee, which will return with a report for the whole committee.

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, I have no objection to widening my motion to include the suggestions that have been made for study by the steering committee.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. Chairman, I would ask the mover if he would include in that motion a request to the committee to consult with the two ministers concerned because Mr. Sharp has to agree, if the Wheat Board is going to be referred to us. It would be necessary to consult with him.

The CHAIRMAN: I believe that was mentioned. We are including that in the motion. We have made a note of the officials and parties concerned with these different boards, so I think everything has been looked after.

Mr. PETERS: I would ask that a vote be taken on the motion because I want to move a further motion.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I have been trying to get across one point for half an hour and this follows up on what was said about the Wheat Board in the different committees.

I want to point out that there is only one member on the finance committee who is a farmer from western Canada. There may be some farmers here from eastern Canada that I am not aware of. But, Mr. Horner from Acadia is the only farmer, to my knowledge, on the Standing Committee on Finance, Trade and Economic Affairs. He would be the only one in attendance at such a meeting to discuss the Wheat Board.

The CHAIRMAN: I think we all realize that, Mr. Watson.

Mr. ASSELIN (*Richmond-Wolfe*): Anyone who has an interest can attend such meetings and make any observations they wish.

Mr. WATSON (*Assiniboia*): But, unless you are a member of the committee you do not get a blue card advising you when this committee is sitting. If one happens to use the elevators he would note the time of such a committee, because it is set out there.

Mr. HERRIDGE: And, you could consult *Votes and Proceedings*.

The CHAIRMAN: Are you ready for the question? All those in favour? All those opposed?

Motion agreed to.

The CHAIRMAN: Have you a comment to make, Mr. Grills?

Mr. GRILLS: Mr. Chairman, I want to make one observation which I hope will pour oil on troubled waters.

● (1: 10 p.m.)

In all fairness, may I say that Mr. Greene is playing his role very cagey; I admire him for that. Now, let us be fair with him I say, with all due respect, he is a lawyer farmer—my good friend, Elmer, has made a lengthy comment in this connection—and I do not think we should come here expecting the Minister to advise us on all the needs of agriculture because he is a new man in a new job. As I said, he is a lawyer and, because of his profession, he is cagey. He has been trying to get a good grasp of the agricultural situation. I think if we show a little patience with the Minister he will prove to be very useful to this committee, to the government, and to the people of Canada. I think probably some of us in the opposition have to play politics too. Maybe we are expecting something a little early. Let us give him a chance and let us work with him, and then I think we will get the best out of everybody.

Mr. PETERS: I would like to move that the committee direct the steering committee to have the Stabilization Board appear before us, and that the clerk publish on the agenda that is sent out to us the decision to discuss at the next meeting the dairy policy under Item No. 1.



Mr. VINCENT: I second the motion.

The CHAIRMAN: Is there any further discussion?

Mr. ASSELIN (*Richmond-Wolfe*): That is a little premature because that will be one of the subjects that will be discussed by the steering committee. We want to discuss the agenda and we want to discuss how we can bring in certain committees and certain boards.

The CHAIRMAN: A motion has been put forward by Mr. Peters.

Mr. PETERS: It is just roughly that the steering committee take into consideration the advisability of designating the dairy policy as the topic of discussion under Item No. 1 for the next meeting. This does a number of things. It allows the officials of the department to know who should be here, for one thing.

The CHAIRMAN: Is that motion seconded?

Mr. ROXBURGH: That motion is seconded by me.

The CHAIRMAN: Is there any further discussion?

Motion agreed to.

Mr. LEFEBVRE: I move adjournment, Mr. Chairman.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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PROCEEDINGS

No. 2

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Respecting

Estimates (1966-67) of the Department of Agriculture  
(Dairy Program)

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TUESDAY, APRIL 26, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of the Agricultural Stabilization Board; Dr. H. Mestern, Economist, Commodity Annalist Section, Economics Branch and Mr. D. B. Goodwillie, Director Dairy Products Division.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin (Richmond- Wolfe),	Mr. Grills,	Mr. Noble,
Mr. Beer,	Mr. Herridge,	Mr. Nowlan,
Mr. Berger,	Mr. Honey,	Mr. Olson,
Mr. Choquette,	Mr. Hopkins,	Mr. Peters,
Mr. Clermont,	Mr. Horner (Acadia),	Mr. Pugh,
Mr. Comtois,	Mr. Johnston,	Mr. Ricard,
Mr. Côté (Dorchester),	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Crossman,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Danforth,	Mr. MacDonald (Prince),	Mr. Tucker,
Mr. Éthier,	Mr. Madill,	Mr. Vincent,
Mr. Faulkner,	Mr. Matte,	Mr. Watson (Assiniboia),
Mr. Forbes,	Mr. Moore (Wetaskiwin),	Mr. Watson (Château- guay-Huntingdon- Laprairie),
Mr. Gauthier,	Mr. Muir (Lisgar),	Mr. Yanakis—(45).
Mr. Gendron,	Mr. Nasserden,	
Mr. Godin,	Mr. Neveu,	

(Quorum 23)

Timothy D. Ray,  
*Acting Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

TUESDAY, April 26, 1966.

(3)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 10:40 a.m. The Chairman, Mr. Whelan presided.

*Members present:* Messrs. Berger, Choquette, Clermont, Comtois, Crossman, Danforth, Éthier, Faulkner, Gauthier, Grills, Hopkins, Horner (Acadia), Jorgenson, Laverdière, Lefebvre, Matte, Muir (Lisgar), Neveu, Noble, Nowlan, Ricard, Roxburgh. Schreyer, Tucker, Watson (Assiniboia), Watson (Châteauguay-Huntingdon-Laprairie), Whelan, Yanakis (28).

*In attendance:* From the Department of Agriculture: Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of Agricultural Stabilization Board; Mr. D. B. Goodwillie, Director, Dairy Products Division; Mr. J. S. Parker, Director General—Administration Branch and Dr. H. Mestern, Economist (Commodity Analyst Section) Economics Branch.

The Chairman read the *Second Report of the Subcommittee on Agenda and Procedure* which was as follows,—

“Your Committee met on Tuesday, April 5 and again on Friday, April 22, 1966.

“Your Committee recommends:

1. That we stand Item one and that the Estimates of the Department of Agriculture (1966-67) be followed.
2. That an outline of policy, by each Department Head, be submitted to the members prior to his appearance before the Committee.
3. That the item dealing with the “Dairy Industry” be called at this meeting.
4. That the Chairman consult with the Minister of Finance with a view to having the Annual Report of the Canadian Wheat Board for the year 1964-65 referred to the Committee for consideration.
5. That after the Committee has disposed of the Item dealing with the Dairy Industry, that Item one be recalled and the Minister be invited to enlarge on his Policy Statement.”

On motion of Mr. Watson (Châteauguay-Huntingdon-Laprairie), seconded by Mr. Clermont,

*Resolved*,—That the *Second Report of the Subcommittee on Agenda and Procedure* be adopted as read.

On motion of Mr. Watson (Châteauguay-Huntingdon-Laprairie), seconded by Mr. Choquette,

*Resolved*,—That the reduction of our quorum be referred to the Subcommittee on Agenda and Procedure for consideration.

The Chairman said that the Committee intends to hold meetings on Fridays and that it should sit at least twice a week.

The Chairman introduced the officials from the Department of Agriculture and Mr. Williams presented his brief which was considered as having been read.

*Agreed*,—That the brief presented by Mr. Williams be appended to this day's evidence. (*See Appendix (1)*).

The Committee proceeded to the questioning of Mr. Williams who was assisted by Messrs. Chagnon, Goodwillie and Mestern.

At the request of Mr. Muir, an estimate of subsidy payments to producers of fluid milk, for the year 1966-67, is to be made available to Committee members.

On completion of the questioning, Mr. Choquette and the Chairman paid tribute to Dr. Chagnon for his long and faithful service to the Agriculture industry in Canada.

Appreciation was expressed by Mr. Danforth on behalf of the Committee to Mr. Williams and his very able aides in the preparation of an excellent brief.

At 12:25 p.m., the Committee adjourned to the call of the Chair.

Timothy D. Ray,  
*Acting Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

TUESDAY, April 26, 1966.

● (10:40 a.m.)

The CHAIRMAN: Order. We have a lot of competition for a quorum this morning. I think there are six other committees meeting this morning and ours is the largest one. First of all, we have to consider the subcommittee's report and I will read it.

(See Minutes of Proceedings)

May I have a motion for adoption?

Moved by Mr. Watson (*Chateauguay-Huntingdon-Laprairie*), seconded by Mr. Clermont, that this report be adopted. Is there any discussion?

Mr. HORNER (*Acadia*): This is just the initial statement of the committee. This is not a permanent or ironclad agreement. Am I right in this?

The CHAIRMAN: We are hoping it works out this way.

Mr. HORNER (*Acadia*): It has been suggested that the Wheat Board will appear before the committee. If we get through the Wheat Board, there is nothing stopping us from bringing someone else before the committee. Am I right in this?

The CHAIRMAN: It is in the hands of the Committee.

Mr. HORNER (*Acadia*): I do not want it to be said later that this was not mentioned at the initial stages and therefore we cannot call someone else.

The CHAIRMAN: No, I think we have already discussed this, Mr. Horner, at the committee level. Is there any further discussion?

Probably I should not add any more but I should explain a little. At the first meeting, you will all recall, that some members thought the Minister should have made a more elaborate policy statement. Having read the minutes of our meeting at that time, and noting the comments of the members, he feels that he possibly should make a more detailed policy statement; but that is still up to the Committee members here. If you adopt this, it will be what we will follow. This is the suggested agenda for the time being. All in favour of the motion?

Motion agreed to.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. Chairman, just before we get started, I would like to move, seconded by Mr. Choquette, that the steering committee consider the possibility of reducing the quorum, and then they can report back to us next week. Because if we are going to have four



or five or six meetings at the same time, it does not make any sense that we should be wasting the time of these government officials the way we have this morning.

Mr. DANFORTH: Mr. Chairman, under the new rules is not a quorum already established as one greater than half the committee membership? I think under the new rules the quorum is established. It is set.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): At least the steering Committee would look into this and find out if there is a possibility of reducing it.

Mr. JORGENSEN: I think the simplest thing to do is to get the Committee chairmen together and find out when the Committees are meeting. There is no need for all of the Committees to meet on the same day. I do not see any reason for this.

The CHAIRMAN: No. I can probably partly answer that, Mr. Jorgenson. I do not now what you will think of this but—we have already suggested a date for the next meeting—rather than Thursday and try to compete with all the other committee meetings. You will receive notice of it. The only time that I can arrange for a room that does not compete with other committees is 9.30 Friday morning. Some of you may object to this, but I believe we could have a meeting of one and three quarters hours; and probably if we start right at 9.30, we could get more done than when we are competing with all the other committees. We have asked the House leaders to discuss this and the people in charge of committees to try to arrange it. They are having a very difficult time, actually, trying to arrange rooms and we in agriculture have the biggest committee. I have asked that this be taken into consideration.

We have the largest quorum to form and I have asked, if at all possible, that we be given some kind of preferred treatment when the time for these committees is being set up.

We have had lots of discussion in the last few days on this and I hope that something comes out of it so that we can meet and carry on the business. We cannot possibly get the work of the Agriculture Committee done unless we meet at least twice a week and possibly more often. Now we know, from experience, that we are not going to get permission from the House to sit while the House is sitting unless some drastically different approach is taken to getting this done. There is a way that they can do it but it may take some time in the House, especially for estimates and we feel, and the steering committee feels, that we have to meet more often than we are. Are you all in favour of that motion that the steering committee consider this?

(Translation)

Mr. GAUTHIER: Regarding the proposed motion, I wonder, Mr. Chairman if it belongs to the sub-committee to decide about the quorum. This should rather belong to the committee.

Mr. CHOQUETTE: I think that Mr. Watson's proposal tends to give the committee the opportunity to consider a possibility or a method.

Mr. GAUTHIER: Discuss this before our committee instead of the sub-committee.

(English)

The CHAIRMAN: Mr. Gauthier, the only thing the motion is saying is that the steering committee consider this and the steering committee would bring back a recommendation to the whole committee on whether it was feasible or not, or whether it was proper or not, to lower the quorum. The steering committee has not the power to lower the quorum. Are you all in favour that the steering committee consider this proposition?

Motion agreed to.

We have with us today officials from the department who will discuss the dairy industry. On my immediate right is Mr. S. B. Williams, Assistant Deputy Minister. I might say, I think, you are all familiar with Mr. Williams and his responsibilities with the Department as Chairman of the Agricultural Stabilization Board which this dairy program comes under. Next to him is Mr. D. B. Goodwillie, Director of Dairy Products Division, Production and Marketing and Mr. Parker, Director General of Administration and Dr. H. J. Mestern who is an Economist with the Economics Division. Is Mr. Chagnon going to attend?

Mr. WILLIAMS: A little later.

The CHAIRMAN: Mr. Chagnon, the Associate Deputy Minister, will be here later on.

You have all received a copy of the statement, as suggested by your subcommittee to the department heads, re the Dairy Support Program. Is it the wish of the committee that this be read now,—it will take some time—or do you want to go right into questioning? The idea of your steering committee was that this would eliminate reading this at committee time if you had it ahead of the committee meeting. If that is the desire, we are open for business.

Mr. CLERMONT: Can we ask questions now?

The CHAIRMAN: Yes.

(Translation)

Mr. CLERMONT: Mr. Chairman, my question is about those producers who ship cream. It seems that they feel very anxious, since it is reported that they will receive \$3.25 a hundred pounds, whereas they contend that they will receive at the most \$2.25 a hundred pounds. It seems that the price of skim milk, as established by the Department of Agriculture is \$1.00. They contend that it can be valued at 53 cents. I think that a U.C.C. delegation from the province of Quebec met recently with the authorities of the Department of Agriculture in Ottawa and made recommendations to them on that subject.

(English)

Mr. S. B. WILLIAMS (Assistant Deputy Minister, Production and Marketing, and Chairman of Agricultural Stabilization Board): Well, Mr. Chairman, the

members of the U.C.C. did not meet with Departmental officials. They met with the Minister and Departmental officials were present at the meeting. Your statement is quite correct. They raised this question with the Minister. The situation is exactly as you have described it. There is no doubt whatsoever that cream shippers will not receive \$3.25 per hundred weight for their milk.

I think that we have to look at this from the standpoint of the place, first of all, at which the milk is priced. Under the program, as announced, the \$4.00 per hundred weight applies to milk f.o.b. the factory. Therefore, in making any estimate of the farmer's returns who separates milk on the farm and then subsequently ships the cream, we must add to any of his returns the difference in average shipping costs. Now I am not going to make an estimate of that at this time, but the official estimate that is being used at the present time by the bureau of statistics runs about 25 cents per hundred weight to ship milk, and cream represents in volume approximately one tenth of the total milk volume.

When the program was devised, the objective was to provide everybody with the same subsidy, or subsidy at the same rate irrespective of how they marketed their milk. Thus a cream shipper, a manufacturing milk shipper, or a fluid milk shipper will receive a direct subsidy from the federal government that will be equivalent to 75 cents per hundredweight for his milk at the farm, or the milk as it is in the form that it leaves the cow, shall I say that? But there is no doubt, sir, that in many cases this will not return to the producers \$3.25 for his milk at the farm. This is before any subsidies are paid.

The question was raised of the Department using in its calculations a value of approximately \$1.00 for skim milk. The Department, in calculating the value that could accrue for manufacturing milk at the plant, used as a basis approximately 18 cents a pound for skim milk products. There are approximately eight pounds of skim milk powder in a hundredweight of milk. Eighteen times eight, unless I am mistaken, amounts to \$1.44 a hundred. The average cost of manufacturing spray skim milk runs somewhere around 40 cents and this varies greatly. Therefore, the actual value of skim milk at the plant is approximately \$1.00.

Mr. CLERMONT: The Department thinks it is about \$1.00 and the farmers think it is about 53 cents. Do you not think that the difference of 47 cents is quite a spread.

Mr. WILLIAMS: The Federation of Agriculture and the dairy farmers of Canada, in making their calculations of returns used the figure of 53 cents. The figure that we are using is the known value at the plant. Now, I am not prepared to argue as to the validity of their figure if the skim milk is retained on the farm. Obviously, the value of the skim milk, if retained on the farm, will vary terrifically with the use to which it is put and with the price at the time of such products as hogs, calves and things of that nature.

Mr. CLERMONT: Could I make a suggestion that the Government give a subsidy up to 14 cents for a pound of fat to compensate the cream shipper?

Mr. WILLIAMS: I do not think, sir, that it would be appropriate for me to comment on that. That would be a policy decision, not one that I, as an official, should comment on.



Mr. CLERMONT: There is another objection from the cream shippers that they will be paid only quarterly, instead of monthly, when they claim, that the receiver of the cream is paid monthly.

Mr. WILLIAMS: This is a problem that is recognized. It is not any desire on the part of the Board to limit the number of payments; it is simply facing a fact of life. The receiver of manufacturing milk has been in contact with and making reports to the Board for some several years now. In addition to that, all manufacturing milk shippers are registered under previous programs. It was the opinion of the Board, from an administrative standpoint, that the registration and reporting system for manufacturing milk was sufficiently well developed to permit of making the payments on a monthly basis. On the other hand, it was the Board's opinion that we could not promise to be able to do this on a monthly basis, to start with, for cream. Now, the Minister, at that time, told this delegation that as soon as it was considered possible to change over, consideration would be given to changing over to a more frequent paying system, but it is simply a mechanical administrative problem.

I think you gentlemen all appreciate that many of the receivers of farm shipped cream do not have as extensive bookkeeping systems as do most receivers of manufacturing milk, and it was just thought that there would be some difficulty in establishing a program. We simply felt that we were better to be on a basis of being reasonably sure of being able to meet a three month deadline than being reasonably unsure that we could not meet a one month deadline.

Mr. CLERMONT: Is it your intention later on to change this?

Mr. WILLIAMS: That is our hope, sir. Yes.

Mr. DANFORTH: Mr. Chairman, I have three short questions that I would like to ask Mr. Williams. Is it the intention of the Department to establish minimum Canadian prices for cheese and skim milk? According to my figures it would have to be about 42 cents for cheese and 18 cents for skim milk powder in order to enable the manufacturers to meet the \$3.25 minimum. The basis for my question is this: I am interested in the mechanics that the Board is going to use to see, if possible, that the manufacturers do maintain a \$3.25 price to the producer.

Mr. WILLIAMS: The Board does not propose to take any action to dictate to manufacturers simply because the Board does not have authority to dictate to manufacturers as to the price they will pay for manufacturing milk. The Board will, however, by whatever actions are deemed appropriate at the time, maintain a price for the products that will permit manufacturers to pay this price, and I think you gentlemen will all appreciate that one can get into quite a few arguments as to what level will permit them to pay it. Plants vary in efficiency. Yields of various products vary from time to time; that is to say, a little later yields of cheese will be lower per one hundredweight of milk than they will be later in the year. So, at any particular time this is difficult.

The action that the Board is going to take, however, is first of all direct purchase. We have already announced that. We will purchase butter offered to us at 59 cents a pound. This underwrites basically the butterfat portion of the milk. We have announced export assistance to the trade on four products.

Another one will be announced as soon as the Order in Council is passed. If necessary, we may buy other products, but at this present moment the Board has not put out any offers to purchase on anything other than butter. But we have announced export assistance on various commodities. The level of the export assistance is designed to provide a Canadian market price for the solids, not fat portion, that will permit of the payment of this price for top quality milk.

I think you will appreciate that in the Province of Ontario, the Milk Marketing Board has already passed a regulation requiring the paying of \$3.25 for class one and class two milk and \$3.15 for classes three and four milk.

Mr. DANFORTH: To follow that a little further then, Mr. Williams; this policy then will not provide \$4.00 for manufactured milk unless the factories do meet the \$3.25 minimum. This is correct, is it not?

Mr. WILLIAMS: That is correct.

Mr. DANFORTH: And then the other statement you made where you are providing export assistance, am I correct in assuming that this will be deducted from the 10 cents that is being retained from the subsidy, eighty-five minus the 10?

Mr. WILLIAMS: That is correct. The 10 cents will create a fund that will be utilized for export assistance. That fund is presently being administered by the Agricultural Stabilization Board pending establishment of the National Dairy Commission on the basis of advice from a joint producer-processor committee.

Mr. DANFORTH: Is there any further liability that the producers are faced with, should that export subsidy exceed the 10 cents that the Government is retaining from the subsidy?

Mr. WILLIAMS: Not under the policy as announced, Mr. Danforth, no.

Mr. DANFORTH: One more question, if I may, Mr. Williams: I know that there has been a great deal of investigation and very sound thinking gone into the preparation of this policy. May I inquire why the 120 per cent figure was used in referring to payments for fluid milk surplus? Why was the figure, the subsidy over 120 per cent of the basis quota used? Why not 115 or 130? Why was the 120 per cent figure taken?

Mr. WILLIAMS: Well, I think I will have to say, sir, that this was a matter of opinion. The 120 per cent was considered to be a reasonable figure in the light of the amount of milk that would normally be supplied by a fluid milk producer on a monthly basis to a fluid milk distributor if he was to be sure of always meeting the 100 per cent. I think that you could get into lots of debates whether this is too large or too small for that purpose, but there are places where they do say that they must deliver at least 120 per cent in order to retain their quota.

There are some markets that use this figure. I grant quite freely that other markets use other figures.

Mr. ROXBURGH: The thought is in my mind, and I do not know whether this is right, that one of the principles was that this extra subsidy actually to start

off with was supposed originally to help the smaller man, in particular, not the larger producers. I thought the principle of this subsidy for the fluid milk of 120 per cent was not for the benefit of the big producer who was producing so much. The big producer should not gain on this extra subsidy at the expense of the smaller man. Was that not the principle?

Mr. WILLIAMS: Irrespective of the percentage, it would apply equally to big people or small people, big shippers or small shippers. I think basically, however, one must say, that a man with a small percentage quota will benefit more, under this program, than a man with a large percentage quota; but the size of the shipment does not mean anything in this. In other words, suppose a fellow has a quota shipment of 1000 pounds a month, and he ships 1500 pounds. His benefit will be three hundredweight a month. If he is a big shipper and he has a quota of ten thousand—and that is not a very big shipper—but let us say, for the sake of example, that it is ten times that, the percentage that he would be paid on is exactly the same thing. But the man with the low percentage quota will get additional benefits in respect of this program as compared to the man who has a relatively high percentage of his milk being paid for at fluid milk prices.

Mr. DANFORTH: I have one further question, Mr. Williams, and it is right along the question that has been asked by Mr. Roxburgh but it is exactly the opposite approach. Does the Board not feel that by paying 75 cents a hundred-weight for over 120 per cent of the base quota, it is going to encourage the big producer to produce and in this fashion, once again, perhaps bring our butter production up in keeping with our consumption rather than placing us in a deficit position.

Mr. WILLIAMS: I think this was covered in part, at least, if I remember correctly, by the Minister in his statement in which he stated that this percentage could be revised in subsequent years should the supply demand position so indicate. I think that this, in essence Mr. Danforth, recognizes what you have said.

Mr. DANFORTH: I was wondering if this was not going to be the guideline in order to control either the surplus or deficit production of the necessary butterfat. I was just wondering if this was not why this was organized and set up in this fashion.

Mr. WILLIAMS: I think that certainly the program, as announced, has that flexibility, that by adjustment of this percentage in subsequent programs more or less incentive to produce can be directed towards the surplus fluid milk segment of the industry.

Mr. DANFORTH: Thank you, Mr. Williams. I pass, Mr. Chairman.

● (11:00 a.m.)

Mr. ÉTHIER: In the past years there was a premium paid on the 92, 93 and 94 per cent score cheese. Is it still being paid, Mr. Williams?

Mr. WILLIAMS: Yes, Mr. Éthier. That is unchanged.

Mr. ÉTHIER: Is it paid to the processor?



Mr. WILLIAMS: That is paid to the processor.

Mr. ÉTHIER: If during the year he has an average of 95 per cent of his production in this 93 score he will benefit a cent a pound on 95 per cent of his production. That is not elaborated in any of your policy though. The milk producer is not aware of that. He just passes it over to the milk producer if he wants to.

Mr. WILLIAMS: I think that we have to say this about it, Mr. Éthier. This is covered by an act that has been in force for a considerable length of time. I think that most producers realize this. Certainly, all the producer organizations realize this, and take it into very direct consideration when they are negotiating prices with processors. I do not think it is quite right to say that this does not get back to the producer because I think—

Mr. ÉTHIER: In any communicate that comes out, for example, there is no mention of that premium still being paid?

Mr. WILLIAMS: That is right. This has not been mentioned because it has been a continuing program that has been part of the departmental policy for quite a long time.

Mr. ÉTHIER: It is still being paid this year?

Mr. WILLIAMS: I beg your pardon?

Mr. ÉTHIER: It is still being paid this year?

Mr. WILLIAMS: Yes, it is still being paid this year and it amounts, on the average, to one cent a pound for all cheese manufactured in Canada.

Mr. ÉTHIER: Now, the second question is that all bonuses that have been paid on milk during the last few years, beginning in 1959, I believe, 25 cents a hundred, were paid regardless of any butter fat percentage in the milk. It was paid on the understanding that it was supposed to be passed over to be producers, but up to last year it was paid to the manufacturer. Last year there were two different bonuses, one subsidy payment and one supplementary payment. It was not based on a fat percentage at all. It was based on a one hundred pound of milk. This year, I see on this memo that we have in front of us that that 75 cents per hundred weight is going to be paid on a percentage of fat of 3.5. Will the Department have field men to check on those milk testers to see that the Department will know where they are going? Otherwise the processor will send you the amount of milk at a certain time of shipment, but that milk has been tested by that processor only, not by any inspector of the federal government. Is that true?

Mr. WILLIAMS: That is correct, Mr. Éthier. It will not have been tested by an inspector of the federal government. The inspection of fat testing is a provincial responsibility and the provinces are active in this field. It is our proposal that we will accept the provincial inspection in so far as the fat content is concerned. You are quite correct in terms of our direct subsidies that have been paid over the past few years. They have not been paid on the basis of

butterfat but one major subsidy—the largest one—was paid on the basis of butterfat. That is the 14.5 that later became 13.3 and last year was 10.9 cents per pound of butterfat. That accrued to the producer and it was on the basis of tests obviously, because it was paid for on the basis of pounds of butterfat delivered by the producer.

It was the opinion of the Board that when the payments became of such a significant size, to pay on anything else but tests, could lead us into difficulties that we did not wish to get into in terms of paying on very low testing milk—paying the same rate on it as on high—and I am sure you will all appreciate that milk is bought and sold in this country almost entirely on the basis of butterfat test.

Mr. ÉTHIER: Is it true, Mr. Williams, that we are here at the wrong end of the rope in Ottawa? We are paying a subsidy and we are at the mercy of the provincial department of agriculture, as far as testing is concerned. You just told me that it is under provincial jurisdiction. But as we are now paying close to \$1.00 a hundred, it was not thought by the Department that we should have inspectors. It seems that the most information we get from the producers is that they are not getting an adequate test for their products and it seems now that there may be one inspector for maybe 25 or 30 plants. It seems that the way it is operating now, it is not adequate. The farmers are not getting a fair break.

Mr. WILLIAMS: As far as protecting the federal government's interests in this matter is concerned, the audit section of the Department of Finance, working on behalf of the Board, will make periodic audits of plants. Plants are required to maintain and submit to the Board statements of all milk and butterfat receipts and all disposals. This means that no plant can, on any kind of a continuous basis, report to the Board falsely high butterfat tests simply because its books will not show then where it disposed of this butter fat unless it has complete falsification of deliveries to supermarkets and everything else. I would venture to say, sir, that on a continuing basis it would be completely impossible for a plant or plants to continue to report falsely high butterfat readings to the Board for the purpose of increasing the returns to their producers.

Mr. ÉTHIER: No, the effect will be completely the other way. I was informed that in the vicinity between Gananoque and Montreal the average tests in the last few years ran around 3, 3.1 and 3.2 and the average in Canada on a national basis was 3.6. I represent a riding in Eastern Ontario and it is a fact here which will have to be investigated—I do not know through which Board—our policy is good for the farmers but it seems that it is losing a lot of its importance because the farmers claim their milk is not tested adequately.

Mr. WILLIAMS: Well, of course, Mr. Éthier, the 3.25 which is the provincial government requirement and the provincial Board requirement is based on exactly that same test and certainly the provincial government and the Milk Marketing Board have told me that they propose to be active in this field to ensure that the producer does get a return.

We all know that probably one of the most controversial items that have ever been brought to our attention has been this question of the validity or

otherwise of the test and this is one of the reasons why many farmers ship to two different places at once so they can play the tests of one off against the other and the test in some areas has become the bargaining point. I may say, in this connection, that we have an active meeting proposed with provincial authorities to review completely testing procedures from the technical standpoint to see what can be done to ensure that we have the best technical means being used in order to make it as easy as possible to have an accurate test.

The CHAIRMAN: Thank you, Mr. Williams.

Mr. CHOQUETTE: I would like to ask my questions in French.

(Translation)

Is the Stabilization Board now considering a purchase policy like the one in existence regarding butter, a purchase policy of skim milk-powder at 18 cent or 18.5 cents a pound, together with the purchase policy of casein at 40 cents a pound I think?

(English)

Mr. WILLIAMS: At the present moment the Board does not envision that. The Board, however, certainly does not rule out the possibility. It will depend upon what the market does; what export markets the trade is able to obtain; what happens, for example, in the international casein market. At the present time it is strengthening. Were it or the powder market to weaken, the action you have suggested might become a necessity. It is the opinion of the board that it is better, for the industry as a whole, for the Board not to go into the direct purchase until it becomes necessary.

(Translation)

Mr. CHOQUETTE: A while ago, Mr. Williams, when answering a question to Mr. Danforth, you made it clear that the government cannot, by any means, compel the producers to pay \$3.25. However, this would be a breach of commercial freedom. However, you wish to lay down a policy capable of inciting producers to pay that price. Do you think that the national average will reach the figure of \$3.25?

(English)

Mr. WILLIAMS: Possibly the word "confident" is a little too strong. I think that the leadership that the Board of the Province of Ontario has given in this matter certainly would indicate that it is quite possible, within the scope of the program, for this price to be paid and depending upon the supply of milk, unless the season is such that a supply of milk is stimulated which we do not envision, it is the Board's opinion that \$3.25 for top quality milk will result this year.

(Translation)

Mr. CHOQUETTE: I wonder whether I am not stepping out of the limits of your competence, here as a witness, by asking you if, last year, as far as you can remember, the policy that had been laid down consisted of two distinct programs: a deficiency payment and a supplementary grant: 25 cents, 20 cents



and 10 cents. The deficiency payment amounted then to 15 cents and its purpose was to establish a national average price of \$3.30. Has this price been reached according to the statistics or figures in your possession?

(English)

Mr. WILLIAMS: It is not possible at this moment to answer that question. We have not yet received full reports for the month of February and for the month of March. February is essentially completed but some of these plants are not just as quick coming around to the end of their own year and getting the reports in. We collect this information from plants right across Canada. The March figures are not yet all in and we have to have a final audit done up. It is anticipated that the Board will be in a position to make an announcement in respect of the deficiency payment portion of last year's program sometime within the next week or ten days. I cannot guarantee that but this is what we anticipate at the present time.

(Translation)

Mr. CHOQUETTE: I have nearly finished, Mr. Williams. In the report submitted to us, you expect that the new policy will cause the first payments of the 75 cents grant to be made at the end of May, because of the deduction of the export subsidy. I want to ask a last question: You spoke, a while ago, of the export assistance that affects some products. What are those products? Is it cheese, milk powder?

(English)

Mr. WILLIAMS: Cheese, skim milk powder, whole milk powder, casein, condensed and evaporated milk.

(Translation)

Mr. MATTE: Now, what price will be paid for the surplus milk, which the new program does not take into account? What price do you think will be paid for the surplus milk, fluid milk, since there is a surplus of fluid milk, which the program does not take into account? It is paid only 120 per cent?

(English)

Mr. WILLIAMS: On the butterfat content of the milk or the cream as delivered to the factory. It will not be paid on the butter made. It was in previous years—at least in one previous year. I think it was three years ago it was paid actually on the butter made from the product. This year it will be paid on the butterfat content of the product as delivered by the producer.

(Translation)

Mr. MATTE: If somebody brings his milk to the factory where it is turned into butter, will he be paid on the basis of the milk that he brought, of the butter or of the cream?

(English)

Mr. WILLIAMS: I presume you are speaking about the 20 per cent. A fluid milk shipper will get presumably three prices for his milk if he ships over 120

per cent of the amount on which he receives fluid milk prices. He will get a fluid milk price. There will be a 20 per cent—not 20 per cent of his total shipments—but 20 per cent of the amount on which he got the fluid milk price on which he will be paid essentially market prices. The price that he will get for this will depend on where he is and what the dairy can do with the product. In Ontario, it is my understanding, that it will be set at the 3.25-3.15, that is the 20 per cent I am talking about now. I am sure there are dairies in Canada, however, in some small areas that do not have a use for skim milk powder, or the skim milk portion of it, because their volumes are small. If they are to throw the skim milk away or put it down the drain, unless provincial legislation states the price they are going to pay for it, they will pay for it just on a straight fat basis, I am sure.

The third price a fluid milk receiver will receive will be for that portion over and above 120 per cent. Now, presumably, he will get the same base price for that as he did for the 20 per cent, but to that will be added the 75 cents federal subsidy.

*(Translation)*

Mr. MATTE: There is a question that I want to ask, although it is perhaps irrelevant. Farmers have been prosecuted because their milk contained too many germs. However, first quality butter was produced. Those farmers went to court and the Government lost. What do you think of it?

*(English)*

Mr. WILLIAMS: I believe the question was directed to what the Board's opinion was in respect of milk quality? This is a point I may say that the Board discussed at very great length, namely the question of tying the subsidy or the federal support in some way to quality. I think you gentlemen all appreciate that in almost every program that the Board has, we directed, in addition to providing a measure of support to producers, to trying to improve production. In other words, we try not to subsidize low quality products.

The Board, unfortunately, was unable, because of the very great difference in regulations across the country, to come up with a recommendation that it felt was sound in respect of milk at the present time of trying to tie this entire program to quality. Now, whenever possible, it is still tied to quality. For example, in our purchase program on butter, the support level is 59 cents. Now, 59 cents is for top rate but 58 cents is for lower grade butter. Our export assistance on cheese, for example, applies only to first grade cheese. So wherever possible we have tried to tie it to quality but we were unable, as I say, to come up with what we considered was a workable recommendation that would tie the direct subsidy to quality. I may say, however, that the two provinces that have taken action along this line, have taken action in respect of their minimum pricing program to recognize quality.

*(Translation)*

Mr. MATTE: What is the actual price paid by the factories? What is the price normally paid?

(English)

Mr. WILLIAMS: I would generalize when I say this. I would say that in the Province of Ontario and in the Province of Quebec, at the present time, it runs something of this nature: 3.40 for bulk tank, 3.25 for grades one and two in Ontario and 3.25 for in Quebec what they call "cooled milk" and 3.15 for grades lower than this. But this is a generalization, sir. They are not figures that I could stand behind, so to speak. Maybe Mr. Goodwillie could comment on that. He is in very close contact with the plants on a day to day basis.

Mr. GOODWILLIE (*Director Dairy Products Division, Production and Marketing*): The prices that Mr. Williams has quoted are essentially right. We were talking to two or three of the largest purchasers of milk in Quebec yesterday and this is what they said they were going to pay. It was 3.40 for bulk, 3.25 for cooled milk, that is refrigerated cooled milk, and 3.15 for uncooled milk. In Ontario, it is 3.25 for one and two resazurin and three and four resazurin is 3.15. The bulk tank premiums vary very greatly in Ontario. In some places are ten cents over and in some places are as high as 25 cents. But the minimum prices now being considered in both cases are essentially what has been quoted—from 3.15 to 3.40.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I wonder, Mr. Williams, if you are in a position to give us an idea of just approximately what price the cream shippers will get—what the yield to the cream shippers will be. At the moment how does it look to you?

Mr. WILLIAMS: Well, our best estimate at the present time as to what the cream shippers will get for that portion of their milk which they deliver—which is the butterfat portion—will be somewhere around 80 cents, 81 cents, 82 cents per pound of butterfat; that is over the entire year including all subsidies and everything else.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Should this give them \$3.00?

Mr. WILLIAMS: No, that is 4.2 pounds of butter. At 80 cents—I did not do the arithmetic here—Mr. Goodwillie tells me it should come to \$2.80.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): For 3.5 milk?

Mr. WILLIAMS: For 3.5 milk. And with the skim milk not taken into consideration at all. I think we will find that there are some who pay higher than that. It depends, once again, very largely on competition and I have had one or two letters where people indicated that they were getting less than that at the present time.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Some people expressed the fear to me that the manufacturing milk people, some of whom have been paying as high, in my area, as \$3.40 and \$3.60, will now reduce their payments down to \$3.25 and let the government fill in the difference. This may not be a danger provided that the competition for the milk continues, but do you foresee a flow from the cream shippers into the other areas of manufacturing milk and, as a result, a forcing down of the price that some of these manufacturers have



been paying in the last while. Do you foresee a flow from the cream shippers into the manufacturing milk field and a consequent lowering of certain prices in some areas?

Mr. WILLIAMS: Before I answer that question, there is one word I might add in explanation further to the answer to the previous question. We have had reports to date of cream receivers paying for butterfat, prices that range from 56 cents a pound to 66 cents a pound, so that is the nature of the variation. Now, in reply to your other question, the Board definitely envisions a movement from cream shipment to fluid milk shipment, to manufacturing milk shipment. But this is nothing new. In the last several years, the amount of butter manufactured from shipped milk has increased, I believe, from 25 per cent to 53 per cent, with the bigger jumps being in recent years. Basically, however, the incentive has been ever since solids not fat increased in value, for people to shift from cream shipment to manufacturing milk shipment. Other factors have entered into it, labour, separation, transportation and transportation facilities have improved. There are many factors that enter into this, but I think one has to say that there is no significant change in the incentive under this year's program as compared to the incentive that has existed in previous years. I am quite certain in my own mind, at least, that cream shippers, wherever possible, will change over.

Mr. WATSON (*Chateauguay-Huntingdon-Laprairie*): Does it look to you as though this will resolve in a forcing down of some manufacturing milk prices?

Mr. WILLIAMS: No, I do not believe it will, as long as the Board maintains the price of the solids not fat portion in the manner that it did previously. The phenomenon that you have referred to, Mr. Watson, is a very common one at this time of the year. Plants tend to, during the winter, pay, what might loosely be called winter bonuses. In general, these bonuses are aimed at trying to maintain volume so that their own operation can be more efficient; and, secondly, to win over shippers for the coming big portion of the season and, invariably, I think at this time of the year, milk receivers decrease their bonuses or the bonus portion of their payment.

Mr. WATSON (*Chateauguay-Huntingdon-Laprairie*): In Quebec, and I believe that this has been the case in Ontario too, recently, the fluid milk shipments have been divided into several grades. I guess the number one grade gets the full price of \$5.27. Now, for the purposes of your calculations as surplus, are you considering all the other grades of milk, all the other classes, of milk as surplus milk, two, three and four?

Mr. WILLIAMS: This is a rather difficult question to answer. At the present moment I cannot answer it categorically. We have written to all dairy commissioners across Canada or control agencies or boards that administer fluid milk prices and asked them their pricing schedules. In addition to that, we have written to every fluid milk distributor asking him his paying prices. The general criterion the Board will use will be that if the milk goes into the retail trade, it is fluid milk, and I cannot make a categorical statement as to what it will be because the legislation in different provinces varies considerably as to what the processor must pay the producer for in terms of fluid usage. For example, in the

province of Ontario, any shrinkage over a certain percentage in the milk has to be paid to the producer at fluid milk prices. In the other provinces this does not happen. But the general criterion will be that if it is sold to the retail trade or goes into retail channels, it will be considered fluid milk.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): In reply to questions I got, I was using the terminology that was used, I think, by the Minister and that is milk that is used for bottling or is out into boxes or gallons, or whatever you call it, milk that is sold this way would be considered fluid milk and everything else would be, regardless of what grade it was or what the previous payments were, considered in the surplus category. Is this correct?

Mr. WILLIAMS: In essence that is correct, yes, Mr. Watson; particularly in the Province of Quebec because that is the way their pricing regulations work.

● (11:40 p.m.)

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I thank you.

Mr. CROSSMAN: This figure of 59 cents a pound on butter is established by the Stabilization Board which offers to purchase at that price. In most cases will the small manufacturer be in a position to pay the producer the 59 cents? Will not this vary from place to place across the country?

Mr. WILLIAMS: There will be some slight variation, sir, but the butter market is remarkably stable and the variation under this program will be identical with the variation under previous programs because for the last quite a few years the price of butter has been established in Canada in this manner.

Mr. CROSSMAN: Well, depending on locality will there be quite a difference in the price, for example, to the maritime producer?

Mr. WILLIAMS: There will be less variation depending on locality under this year's program than would be under previous programs because previously we had differentials across the country based on essentially freight hauls and these differentials have disappeared at the present time. The maritime situation is unchanged as compared with previous years other than the four cent increase in the purchase price.

Mr. CROSSMAN: They would be probably nearer to the \$4.00 milk price?

Mr. WILLIAMS: It will depend upon their ability to use the solids, not fat portion of it.

Mr. ROXBURGH: Recently, there has been announced an increase in milk prices by the dairies to the consumers. Does anyone on the panel feel this is justified?

Another question is, do you think then, because of the present set-up, that there is a possibility of a trend to increase the prices of dairy products by the processor to the consumer, thus enabling him to make an extra profit because of this set-up?

Mr. WILLIAMS: That is a very difficult question to answer, Mr. Roxburgh. It includes matters of opinion that I do not think I would be prepared to express views on at the present time, but I think that in almost all provinces there are



safeguards here in that, in many provinces at least, both the paying price of the processor and the retail price is administered. At least the price that he can charge for his milk.

Mr. ROXBURGH: It seems to be in all agricultural products that as soon as there is a small increase or any kind of an increase whether it has to do with milk or any other of our products, automatically the price goes up to the consumer. I am just wondering whether it would have that effect or, as you have already stated, there is possibly a check on that. I was just wondering about that angle.

Mr. WILLIAMS: I do not have the data with me at the present moment, Mr. Roxburgh, but it is of interest to note that I think of pretty nearly all products, dairy products returned to the farmers the biggest percentage of the consumers dollar. I think butter is the top one on the list and it has not changed. If anything, the percentage being returned to the farmer has gone up over the past years rather than down. Now that is to say the percentage of the retail dollar accruing back to the producer, I believe for butter has increased fractionally over the past years but it has been remarkably constant compared with many other products.

(Translation)

Mr. MATTE: Do you think that the grain prices have actually been influenced by the new program, as they have increased considerably in one year? I know that the program works for the farmers as well as against them, because the grain prices have increased due to—

(English)

Mr. WILLIAMS: I think I would have to say that during the past year, in particular, it has been a difficult time for dairy producers. Our dairy industry is centered in the two provinces that suffered most from adverse weather conditions during the past summer. Therefore, a higher percentage of grains had to be purchased than was normal, but I think that one has to balance that with the fact that many of these producers did receive joint federal-provincial assistance on the purchase of their grain that, for a certain percentage of their grain at least, reduced the price below that that they had paid in previous years rather than increase it. But based on the market prices, and based on the relative shortage of home-grown grain in Eastern Canada during the past year—at least in certain parts of Eastern Canada during the past year—the farmer probably was in a somewhat more difficult position and certainly would have been had he not had the joint federal-provincial assistance.

The CHAIRMAN: Mr. Grills, do you have some questions?

Mr. GRILLS: I have several questions I would like to ask Mr. Williams. I notice, when you were speaking of whole milk, you mentioned retail milk. I presume you meant all bottled milk?

Mr. WILLIAMS: Yes, in essence, Mr. Grills, when I speak of retail milk, I mean retail whether it goes to a restaurant or not. If it goes to a restaurant as



fluid milk it is still, as far as I am concerned, in this definition that I use which is only, I think you will appreciate, a rough definition.

Mr. GRILLS: That was all I wanted to clear with you, anything that is used for whole milk consumption. I might say in Ontario we are allowed two per cent shrinkage for dairies and we pay 5.29 a hundred.

Mr. Roxburgh asked a question about whether the increase in the price of milk was justified. We will not deal with that here, but I will talk to him outside. I still say it is the cheapest thing you can buy in a bottle.

Yesterday morning, on my way down here, I was called by a creamery man who was quite alarmed about the creamery man's position. We do not have a lot of cream shippers in our immediate area but to the north a bit, in the next riding, there is and he was quite alarmed. I agree with what Mr. Williams said. I cannot see anything else happening but the cream shippers going to change more than ever before because of transportation, better roads and his wife probably got tired of washing that cream separator and found there was an easier way. That skim milk at a factory has more value than it has home on a farm. I have always thought myself that about 50 cents was an approximate value on the farm, probably an average; whereas at the plant it is probably worth a dollar. What he said was that many creameries were going out of business, and then he wondered what was going to happen to them. Have you had any representations from the creamery men, or from the creamery associations recently?

Mr. WILLIAMS: I cannot recall at this moment any direct representations. Now, we certainly have had the odd letter from the odd creamery. We had heard before this program was announced, however, that they were feeling the pressure of decreased supplies and increased costs but I think that this is a transition. Whether it is desirable or not, it is difficult to say, but it certainly is a transition through which they are passing.

Mr. GRILLS: I would think so. I cannot see it any other way. There is one other question that just came to my mind when we were talking about quality control. I could not help but agree that each province is probably closer to the problem of quality. Is there any national standard that was worked out between the provinces and the federal government as far as quality standards are concerned?

Mr. WILLIAMS: Food and Drugs under their legislation have a minimum bacteria content, which serves as a basis for all provincial legislation on this matter. In some provinces, for certain uses, their legislation is more rigid or more restricted than is the Food and Drug but they do have a basic bacteria content. I would not want to quote it at the present moment but they do have such a figure.

Mr. GRILLS: Very good; thank you.

The CHAIRMAN: Are there any more questions?

Mr. RICARD: According to the notes here, the number of cows was reduced by 1.4 per cent during the year 1965. What would be the reason for that?

Mr. WILLIAMS: I would think probably the most significant one, Mr. Ricard, would be the relatively favourable beef prices. I think that many farmers cull much more heavily and much more rigidly when beef prices are good. The farmer sees a cow. He says "I can get \$200 for her" or some such figure, from the butcher, he decides that he is better to sell her than hang on to her for another year. I would think that this is probably the major factor. The other portion of it simply represents people getting out of the dairy business and disposing of their cows.

Mr. RICARD: Not because of low income? Low income has nothing to do with it?

Mr. WILLIAMS: I would say the other portion of it represents people getting out of the business. There is no doubt that there are some people getting out because of the relatively unfavourable position that dairying has enjoyed.

Mr. RICARD: Is the trend still going down or is it stabilized?

Mr. WILLIAMS: We cannot answer that. These are the latest figures so, at the time these figures were taken, the trend was still downward. This was before the policy was announced. The only factor that I can say that is in essence a saving one, is that, in general, the decline in dairy cow numbers has been more than offset by an increased productivity per cow which partly, at least, supports the contention that it is culling, that it is the poorer cows that are leaving industry.

The CHAIRMAN: Mr. Nowlan has a question.

Mr. NOWLAN: This is two in one. Mr. Grills mentioned something about representation. Have you received any representations from the skim milk processors in, say, Nova Scotia—I guess there is only one plant there and one in New Brunswick as far as the Maritimes are concerned—about this price being maintained at three-quarters per hundredweight? I understand that is 2.90 per hundredweight at 3.5. Do you know when this policy of direct purchase or export assistance is going to be started to help bring it up to three-quarters?

Mr. WILLIAMS: The policy of export assistance is presently in effect. The problem in—

Mr. NOWLAN: You mentioned three things. You have support which you did not mention today but it is mentioned in the paper here, a direct support in export assistance. I understood there were two policies which you were considering maintaining three quarters—

Mr. WILLIAMS: The export assistance is in effect at the present time. There is no policy of direct purchase in effect at the present time. You asked about whether we have had representations. The plant has telephoned Mr. Goodwillie and talked to him on the telephone and we have had, to my recollection, one letter from producer representatives which sent to the Board a copy of the paying prices of this particular plant. The problem here is a problem that is associated with the product being made. It is roller powder and roller powder requires less overhead, less capitalization to produce it, but it commands a somewhat lower price and the price is somewhat less stable I would think in

certain ways than is the price of spray powder. However, in the Province of Ontario, the provincial legislation requires producers of roller powder to pay this 3.25. Roller powder has always been competitive with spray despite the fact that the price has been somewhat lower and a relatively constant differential between the price of about two cents, it runs. It depends on where the level is, of course, but it runs around two cents a pound lower. Roller powder manufacturers have always been competitive but here we have a particular problem to which I cannot offer an immediate solution, I am afraid.

Mr. NOWLAN: I appreciate that. Is this roller powder also in Sussex?

Mr. WILLIAMS: Sussex is roller as well, yes.

Mr. NOWLAN: Those are the only two roller powder areas—skim milk—

Mr. WILLIAMS: There is one in Moncton.

Mr. NOWLAN: Roller powder?

Mr. WILLIAMS: Yes, Charlottetown has a spray plant.

Mr. NOWLAN: The other question is, is there any thought that because of the fluid milk price of 5.25 plus, and the manufacturing price of 2.90 for skim milk powder, where I am, plus the 75 cents, you average both prices to suggest a \$4.00 average per hundredweight, or is this new policy strictly applicable to the manufacturing of milk.

Mr. WILLIAMS: This milk policy is not a deficiency payment program. Were it to be a deficiency payment program, we would average prices received by producers right across Canada. The difficulty about a deficiency payment program is that you cannot make payments until the end of the year, until you know what your position is. I am talking about legally under the act. We have to know; we have to establish a national weighted average; we have to have a support level, a national weighted average determined and then find out what the difference is and make the payments.

Mr. CHOQUETTE: Like last year?

Mr. WILLIAMS: Like last year, as we do with eggs every year.

Now, when the assistance is such a significant portion of the farmer's total returns, it was not considered that it would be reasonable to expect him to wait for that large a percentage of his returns for better than a full year; so it was decided that a more applicable type of program would be one under what we call Part III of our act that authorizes the Board, with the authority of Governor in Council to make direct payments to producers for the benefit or for the purpose of producing a price.

Mr. WATSON (*Assiniboia*): I was just going to ask Mr. Williams, a question about the 1.4 per cent as of December 31, 1965. Could he tell me how many, in the terms of head, how many head of dairy cattle this would be in Canada?

Mr. WILLIAMS: Dr. Mestern, what is our national dairy herd, 2.2 million?

Dr. H. J. MESTERN (*Economics Division*): That is right.

Mr. WILLIAMS: So the total number is whatever 1.4 per cent of 2.2 million is; I think it is 2.2 million.



Mr. WATSON (*Assiniboia*): Further to that, then, has there been any research done on the people that have been getting out of the dairy business, or what effect labour has had on their getting out? What I am trying to tie in is, has the shortage of labour anything to do with this same reduction?

Mr. WILLIAMS: I know of no specific investigation or research work that has been aimed at determining this; but certainly all the representations the Board has received from producer organizations and other groups have emphasized the labour problem, particularly in what might be called the efficient sized herds. I am not going to define here what an efficient sized herd is, but the labour problem occurs when the man gets the herd of such a size that it does require labour from outside the family force. This has been advanced by all organizations as being one of the major problems confronting dairy producers at the present time.

Mr. WATSON (*Assiniboia*): Do I interpret this to mean then that the labour factor, you would say, affects the big herds more than, say—I do not know what you would call it—a herd that takes more than one man. Say I own a herd but I have to have a hired man and I cannot get this hired man. I have about 20 to 30 cows in my herd and I cannot look after my farm and do this work, so this would eliminate me with a herd of 20 heads on account of labour also.

Mr. WILLIAMS: That is in essence what I was saying.

Mr. WATSON (*Assiniboia*): Not necessarily the great big herd then.

Mr. WILLIAMS: I think there is a point that one passes and I do not know where the point is. The point may be reached when he has four or five hired people; his labour problems become relatively less because he is then able to put them on holidays and shift work and things of this nature.

Mr. WATSON (*Assiniboia*): Another question; has the Department done any research into the future where the supply over demand or the demand over supply of butter and dairy products, will eventually force the consumer price up to the level where the government might get out of the field of payments. You say this is not a subsidy but a payment. Might this take place in five years, or in the foreseeable future?

Mr. WILLIAMS: We do not have any direct estimates, or direct projections on when the consumer will be able to bear the entire burden of the returns to dairy producers. In the countries where the dairy industry is subsidized to a relatively smaller percentage than in Canada, the fluid milk market represents a very large percentage of the total returns to producers. In Canada, the fluid milk market at the present time represents about one third of our total production. I would hesitate to say where that will have to go but the percentage going to fluid increases annually largely by population growth, not by increased consumption per capita. If anything, the trend in per capita consumption is slightly downwards. The population growth results in increases in fluid milk usage from year to year but this growth is not fast, I am afraid.

Mr. WATSON (*Assiniboia*): Would the other two categories be broken down into thirds too, or would manufacturing milk shippers be a lot larger than farm separated cream? This would be the smallest percentage, would it?

Mr. WILLIAMS: It is just about equal, Mr. Watson, in terms of total production. In terms of numbers of people there are far more cream shippers than there are manufacturing milk shippers, but the total product delivered to the markets or produced, not all delivered, of course, in the case of the cream shippers, but the total milk equivalent, shall I say, produced by each of these segments, is approximately equal.

Mr. WATSON (*Assiniboia*): All across Canada?

Mr. WILLIAMS: Yes.

Mr. MUIR (*Lisgar*): Mr. Chairman, I wonder if I may ask a supplementary question to this. I wonder if Mr. Williams could give us a breakdown of the number and the total of the payments made to producers by provinces and have it attached as an appendix to today's report. You may have to estimate the total of the amounts.

Mr. WILLIAMS: Is this last year's, Mr. Muir, you are speaking of, last year's payments or estimates for this year?

Mr. MUIR (*Lisgar*): The latest figures.

Mr. WILLIAMS: Estimates for the current year's program of how those payments will be distributed?

Mr. MUIR (*Lisgar*): Yes, that would be fine.

Mr. WILLIAMS: We can get you an estimate but I think you will appreciate that it will only be an estimate.

Mr. MUIR (*Lisgar*): Yes. Perhaps you could give us last year's together with your estimates for this year.

Mr. WILLIAMS: There is a major difficulty about making a provincial breakdown of last year's subsidies. The question is where do you put the 10.9 cents, in the province in which the butter was produced, or in the province in which the butter was consumed? A lot of this butter crosses provincial boundaries. We can make the estimates or we can make an actual calculation of the province in which the payment was made, based on the plant. Now, there is some little overlap at borders because there are producers in Ontario who deliver their milk in Quebec and vice versa, and it is the same thing in Saskatchewan and Manitoba. At every provincial border there is some movement across, but other than that we can produce data that shows where the payments were made, but this does not necessarily end in the same answer.

There are other problems too associated with this. There is the question of the costs of handling all our store product; that is, the storage, transportation, and so forth. When you start breaking this down to provinces, it is difficult to know what province to assign it to.

Mr. MUIR (*Lisgar*): Would it be easier to estimate it for the coming years by provinces then?

Mr. WILLIAMS: It would be a more accurate figure if we were to estimate it. We would have to base this on an estimate of production, and our major difficulty in making an accurate estimate would be that associated with the fluid

milk industry, in that we do not have background figures of the same nature for the fluid milk industry as we do have for the manufacturing milk industry and the cream portion of the trade. In the fluid milk one we have difficulty in saying what 120 per cent of the amount of milk that people would be paid for, will amount to. But we can get an estimate, yes.

Mr. MUIR (*Lisgar*): Actually, I think the manufactured milk would give you a better picture, because the fluid milk is consumed locally anyway, is it not?

Mr. WILLIAMS: Yes, most of the fluid milk is consumed locally but our problem would not be that. Our problem would be trying to know how much was over 120 per cent. You see, in previous years, and I think you will appreciate this, fluid milk shippers, some of them at least, delivered their surplus to manufacturing milk plants either as milk, or in some cases, as cream, and the fluid milk distributors have no records of that. We have no records of that because the people were not registered with us. We did not register them.

The CHAIRMAN: Mr. Chagnon, do you wish to make a comment on this?

Mr. CHAGNON (*Associate Deputy Minister, Department of Agriculture*): Not on this one, but I am just back from attending an interview with a group of farmers representing a co-operative group of 900, and they have come to see what the Department could do and so on and so forth because at the present time the dairy is going into an evolution, if you wish. It might be of interest to the members of Parliament here, particularly those from Quebec, to know that a group of farmers representing 900 farmers who wish to organize a more modern co-operative. They wish to amalgamate four small co-operatives that used to make butter. Last year they made casein and this year they say that casein can bring them, with the subsidy, \$3.65 a hundred. Already, they have signed up to organize a co-operative. The estimate for the building of it would be over \$700,000 in order to go into powder. That would bring them a return of \$3.90, with the subsidy, and I understand that there are other groups in the province and in eastern Canada, in the Maritimes as well, who wish to move into this.

They were asking me what can the Department do to help them. I am sorry; we have no legislation to help the amalgamation of butter factories, but we have a legislation to help the amalgamation of cheese factories. But these are not cheese factories, they are butter factories. The only legislation that could help would be cold storage where a small subsidy could be given, if they read the act, and so on and so forth. I just wanted to bring it up because these are questions that will be asked in the near future.

The CHAIRMAN: Does anyone wish to ask Mr. Chagnon any questions concerning this?

(*Translation*)

Mr. MATTE: Is the work regarding the Dairy Board well advanced?

Mr. CHAGNON: I do not know. I know the work is going on. The matter will be inquired into. A notice of motion has not yet been given in the House. Yet, it should not be long.



(English)

Mr. YANAKIS: Where do those 900 farmers come from?

Mr. CHAGNON: Western Quebec, right here close to Ottawa in Labelle County and part of Papineau.

The CHAIRMAN: Are there any other questions for Mr. Chagnon? I would like to deal with Mr. Muir's suggestion now. I do not know if I understood it correctly.

Mr. MUIR (*Lisgar*): It could be made an appendix to today's report?

● (12:07 p.m.)

The CHAIRMAN: What do you think of this, Mr. Muir, if we ask Mr. Williams to try and work out these estimates after this year and submit them to the Secretary for the committee's perusal? Then, if we think they are warranted in the report, we can add them to it at the next sitting. I think Mr. Williams pointed out the accuracy of the estimates and how good they will be at that time. Is that agreed?

Mr. MUIR (*Lisgar*): Agreed.

The CHAIRMAN: Are there any further questions?

Mr. DANFORTH: I would like to ask Mr. Williams this question. It arises out of a statement he made on the increased use of fluid milk. Is there any investigation, or thought, or projected figures based on the fact that when the prices of consumer goods are on an extremely high level, which is the case in some instances today, that a further increase, although very minor, can cause a major shift and what I refer to is the fact that coffee in lots of instances now has gone up 30 per cent in price. A cup of coffee has gone up from ten cents to 15 cents. Soft drinks are continually increasing in price. I just wonder if they have reached a price level now where there is a noticeable swing to increased consumption in the use of cold milk, and if this would have a bearing in increasing the over-all total amount of fluid milk that might be consumed in Canada to a marked degree.

Mr. WILLIAMS: The consumption increase in fluid milk for the month of February, which is the latest figures that we have, was up two per cent. I would not think that that represents a marked shift. It is a somewhat higher increase than it has been in previous months. It is not that much higher. We normally run around one or one and one-half per cent up on a year's basis. So I would have to say, Mr. Danforth, that while this is something that is to be hoped for, I doubt if we have arrived at that stage yet.

Mr. DANFORTH: But any further increase in the price of these other commodities that are used instead of fluid milk could then conceivably cause quite a noticeable shift?

Mr. WILLIAMS: Yes; I think there is another shift that is a matter of both interest and concern and that is the shift away from whole cream milk that is growing daily, much faster than anything else. In other words, pretty nearly all our increase in consumption is in two per cent milk. Skim milk consumption is

just about stabilized, I believe. Is it not, Dr. Mestern? It has just about stayed at that level. Apparently, two per cent combines the conscience easing effects of skim milk with the taste of the full cream homogenized milk and apparently this is the area in which growth is taking place. I think one has to modify the statement that I made previously by the fact that it is also an area to which the publicity that the industry puts into it has been directed more than to other segments of it.

Mr. NOBLE: I would like to ask Mr. Williams one question. Does he anticipate any reduction in the production of dairy products in the coming year in Canada?

Mr. WILLIAMS: The official forecast, sir, does not anticipate a reduction in total milk production. There may be reductions in the production of certain products. This is a normal thing; people switch the production from one product to another product. For example, at the present time cheese prices have been good and have been strong. This certainly will pull some milk away from some other products and I am not prepared to say what it might pull it away from. Casein prices are relatively low and depressed. I am sure this will result in sharp decreases in casein production in Canada, but it will go to powder rather than to this.

In addition to that I think we will have to recognize the fact that there is going to be a changeover from cream shipment to milk shipment which will put more solids not fats on the Canadian market in the coming year. But the over-all production estimate is not for a decrease in total milk production in the coming year.

Mr. NOBLE: There will only be a changeover to the various producers of the various things in dairy products?

Mr. WILLIAMS: Yes, but I think you will appreciate, sir, that a two per cent increase in fluid milk consumption represents a sizeable decrease in the amount of butter in this country because butter really is a terminal product. In essence people make other products. They make a vat. They make ice cream mix, they made all of these and the fat that is left over—now this is not absolutely correct if you are talking about one district or some specific area, but, in general, butter and powder or butter and casein represent the terminal products of the dairy industry. So, any increase in any other segments such as ice cream, fluid milk and so forth multiplies the deficiency in the butter segment. It just about doubles it, as a matter of fact, because about half of our total of butterfat production goes to butter manufacturing. Therefore, if we get a one per cent increase somewhere else, we are apt to get a two per cent deduction in butter production. So if there is a distinct possibility that with all these shortages in essence or all these increases, it will be reflected in further deficiencies possibly in butter production, but I think there is one thing I must modify in any statement I make in this respect, that no one can forecast what our season is going to be—our pasture season—and it is a very, very strong determining factor in total milk production in Canada in any one year.

The CHAIRMAN: Just a supplementary question; are you saying then that we may be importing butter this year?

Mr. WILLIAMS: The Minister implied in his announcement that that could be a possibility. I would hesitate to make any forecast at the present moment because of the qualification that I have just made in respect of the type of season that we have here in Canada.

(Translation)

Mr. MATTE: I want to ask a last question, Mr. Chairman. Do you think that the dairy situation is better and more promising than ever with the implementation of the new program?

(English)

Mr. WILLIAMS: I think that there is no doubt that the present dairy program is a superior one from the standpoint of the producer than any that the Board has had to administer to date. In so far as the position of the dairy farmer is concerned, I am quite convinced that his position will be improved this year over any recent years.

(Translation)

Mr. CHOQUETTE: Do you think that, in the near future, it will be necessary to ask five or six dollars? I should like, if the committee will bear with me for thirty seconds, to point out that, much to his regret, Mr. Chagnon, a faithful servant of his country and of the Department of Agriculture, may have to leave us for reasons that only gerontology can explain. I would just like to point out to the committee that Mr. Chagnon devoted his whole career to agriculture and to the promotion of agriculture. He has served the Civil Service in a way that gives credit to all his kinsmen and we are proud to greet in him a man who served his country well.

(English)

The CHAIRMAN: I think the words of Mr. Choquette are, if I may say so, Mr. Chagnon, well meant. Those of us who have had association with you, even before we came to this great institution, and some of us have, are well aware of your abilities. I do not know the exact date of your termination of duties with the government here, but I do hope that anyone as active and in as good health as you are, does not become dormant and remain so, for I feel there is probably much room for people like you to help agriculture in Canada.

Mr. CHOQUETTE: We have it all arranged. He has a new job already.

The CHAIRMAN: Pardon me, but I said "not in a state of dormancy".

(Translation)

Mr. CLERMONT: Mr. Chagnon, last year, the milk subsidy was paid, I think, on the 1964 production. Is it proposed to take note that the 1965 production exceeded the 1964 one or finally to make a note of who received the payments for the 1965 subsidies in comparison to 1964?

Mr. CHAGNON: We shall definitely deal with those who received their additional payment on the basis of the 1964 production.

An hon. MEMBER: Out of the question.



Mr. CHAGNON: The reason is that we wished to make the additional payment during 1965. Now, the best way to assess the 1965 production was to study the 1964 one. On the whole, farmers were rather favored by the fact that in all eastern Ontario and in Quebec, the western part especially, there was a drought during 1965, with the result that on many farms, the production would have been less important than in 1964.

(English)

The CHAIRMAN: If there are no more questions, I would like to thank the Committee for their attention. With regard to the questions which have been presented, I think if you read the Committee report you will have a good understanding of the dairy policy.

There is one other thing I would like to have agreed to by the committee and that is that the Statement re Dairy Support Prices be printed as an appendix to the evidence that has been presented today. Is it agreed by the committee?

Agreed.

Mr. DANFORTH: Mr. Chairman, before we adjourn, may I on behalf of the members of the Committee express to Mr. Williams and his associates our appreciation for this complete summary that was presented to us prior to this Committee meeting.

The CHAIRMAN: I think if all of our summaries are as good as this one, as we proceed with the estimates, it will make our meetings quite happy, good and expedient. We will meet at 9.30 on Friday morning. We are going to try a Friday morning meeting and we shall this Friday morning at 9.30 a.m. Notices will be mailed out, but I thought you should know this ahead of time. Thank you. The meeting is adjourned.

## APPENDIX "I"

## STATEMENT RE DAIRY SUPPORT PROGRAM

The dairy support program for 1966-67 was developed in a supply/demand atmosphere that differed markedly from that prevailing for the past several years. Whereas until recently one of the main preoccupations of the industry, whether producer or processor, and consequently the Agricultural Stabilization Board, was the massive accumulation of surplus butterfat in the Board's hands, last year—and the trends were evident somewhat earlier—the position changed greatly. In 1965 butter consumption exceeded production by approximately 20 million pounds, with the deficiency being met by a reduction in Board holdings.

These holdings were at the lowest level for many years. The outlook for 1966 indicated that, unless there were changes in the pattern of production, shortages and consequent consumer price increases that could have a detrimental effect on the overall industry could develop. As at December 1, 1965, the number of dairy cows on farms was down 1.4 per cent as compared with the previous year. More significantly, the number of heifers intended for milk production was down some 8 per cent. Concurrently export sales of dairy cattle had increased sharply, being up some 8.6 per cent for the year, while early movement in 1966 showed even sharper increases. Commercial slaughterings of animals in the categories in which dairy cattle fall were 32.7 per cent higher in 1965 than in 1964. This, briefly, was the background.

The new dairy program for 1966-67, which was announced on March 23rd, 1966, provides for an increase in the level of support for manufacturing milk from \$3.50 per hundredweight to \$4.00 per hundredweight for 3.5 milk, basis f.o.b. the factory. In addition to the increase in the support level there are three major changes in the program:

1. All federal assistance is combined in a single subsidy that will be paid at the same rate on the basis of one hundredweight of eligible milk to all producers;
2. The support payment goes directly from the Federal Government to producers, and
3. The federal payment is made on a portion of the surplus milk delivered by fluid milk producers.

Under the program the Agricultural Stabilization Board, by a series of measures which may include price support, export assistance and direct purchase, provides a basis that permits processors to pay producers \$3.25 per hundredweight for 3.5 per cent manufacturing milk delivered to the plant. The direct payment to producers is at the rate of 85c per hundred pounds. Of this 85c, 75c is paid on a current basis to producers while 10c is withheld to provide funds for export assistance. The residue of this fund remaining at the end of the year will be returned to producers.

Briefly, the program in respect of the various segments of the production side of the industry is as follows:

*Manufacturing Milk Shippers.*

Over the past years a registration and reporting system has been developed for manufacturing milk shippers. This system will be continued and the Agricultural Stabilization Board will send to each plant a monthly prelisting of producers delivering in the previous month to that plant. At the end of the month the plant will complete the form, entering the milk and butterfat receipts by producers. The form will be returned to the Board and the 75c per hundredweight payments will go direct to producers based on this statement.

*Farm Separated Cream Shippers.*

The registration and reporting system for farm separated cream is not as well developed as that for manufacturing milk shippers. In order to give time for registration and development of the system, payments to cream shippers, while they will follow the pattern outlined for manufacturing milk shippers, will be made on a quarterly basis. The 75c per hundredweight of 3.5 per cent milk will be converted to butterfat and paid at the rate of 21.43c per pound of butterfat.

*Fluid Milk Shippers.*

Since this is the first year that fluid milk shippers have been included in the overall program, it is necessary to develop a registration and reporting system. This is being done and when completed the procedure will be essentially the same as was outlined for manufacturing milk. However, in the case of fluid milk shippers the eligibility for subsidy will apply to that part of their milk deliveries in excess of 120 per cent of that portion for which they received fluid milk prices. For example, should a fluid milk shipper deliver 50,000 pounds of milk during the month and should he be paid for 30,000 pounds of that at fluid milk prices, he will receive payment for 50,000 pounds less 120 per cent of 30,000 pounds, or 14,000 pounds.

*General.*

In all cases payment will be on the basis of 3.5 per cent milk and will be made on what is known as a direct ratio basis. This simply means that payment will be at the rate of 75c. per hundred pounds, divided by the standard test of 3.5 per cent, or 21.43c per pound of butterfat. Thus, if a producer's milk tests 3 per cent, his payment will be at the rate equivalent to 64.3c per hundredweight, whereas if his milk tests 4 per cent, the immediate payment will be at the rate equivalent to 85.7c per hundredweight.

The Agricultural Stabilization Board has contacted all known processing and distributing plants and has supplied them with complete details of the program. In addition, letters have gone to all known cream shippers and registration of both cream shippers and fluid milk shippers.



is proceeding at a satisfactory rate. Since no payments can be made until reports of the monthly shipments are received from plants, it is anticipated that the first payments, covering manufacturing milk delivered during the month of April, will start to go out late in May.

Producers who have registered previously need not re-register. Should producers, whether they be shippers of cream, manufacturing or fluid milk, deliver to more than one plant they should ensure that the plants record all receipts against their registration number since payments will be made on the basis of combined shipments. No farm unit should have more than one registration number.

Press releases on the various phases of the program have gone out to all media. Advertising material has been prepared and will shortly be appearing in the agricultural and weekly press. In addition, the next Farm News Letter will be devoted to an explanation of the current dairy support program.







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*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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PROCEEDINGS

No. 3

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Respecting

Estimates (1966-67) of the Department of Agriculture

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FRIDAY, APRIL 29, 1966

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WITNESS:

The Honourable J. J. Greene, Minister of Agriculture.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

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*Vice-Chairman:* Mr. Herman Laverdière

and

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Mr. Berger,	Mr. Honey,	Mr. Olson,
Mr. Choquette,	Mr. Hopkins,	Mr. Peters,
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Mr. Forbes,	Mr. Moore ( <i>Wataskiwin</i> ),	Mr. Watson ( <i>Château-guay-Huntingdon-Laprairie</i> ),
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Yanakis—(45).
Mr. Gendron,	Mr. Nasserden,	
Mr. Godin,	Mr. Neveu,	

(Quorum 23)

D. E. Levesque,  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

FRIDAY, April 29, 1966.

(4)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:50 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:*—Messrs. Asselin (*Richmond-Wolfe*), Beer, Berger, Clermont, Comtois, Crossman, Danforth, Forbes, Gauthier, Godin, Herridge, Jorgenson, Laverdière, Lefebvre, MacDonald (*Prince*), Madill, Muir (*Lisgar*), Neveu, Noble, Nowlan, Peters, Ricard, Roxburgh, Schreyer, Watson (*Assiniboia*), Whelan (26).

*In attendance:*—*From the Department of Agriculture:* The Honourable J. J. Greene, Minister; Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister (*Production and Marketing*) and Chairman of Agricultural Stabilization Board; Dr. R. Glen, Assistant Deputy Minister (*Research*); Dr. S. C. Hudson, Director General—Economics Branch; Mr. J. S. Parker, Director General—Administration and Mr. Don Peacock, Executive Assistant to the Minister.

The Chairman introduced the Minister who asked Mr. Williams to introduce the other Officials of the Department.

The Minister made a statement on the General Policy of his Department and was questioned by the Committee.

At the request of Mr. Danforth, a table of statistics in regard to Farm Machinery will be made available to the Committee.

It was agreed that the table of "Estimate by Provinces of Federal Expenditures under 1966-67 Dairy Support Program" as requested by Mr. Muir (*Lisgar*) at our last meeting now available be appended to this day's evidence (*See Appendix (1)*).

At 11:00 o'clock a.m., the questioning of the Minister continuing, the Chairman adjourned the Committee to the call of the Chair.

D. E. Levesque,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, April 29, 1966.

● (9:50 a.m.)

The CHAIRMAN: I would like to ask the Minister to make a more detailed policy statement; I think you are all aware of this. So without any further words by the Chairman, we will call on the Minister of Agriculture, and probably you should introduce the officials Mr. Minister.

Hon. J. J. GREENE (*Minister of Agriculture*): I would like to ask Mr. Williams, Assistant Deputy Minister, to introduce any of the officials that are here.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Production and Marketing*): I think you gentlemen all know Mr. Chagnon, Associate Deputy Minister on my right, to his right, Dr. Glen, Assistant Deputy Minister of Research, on his right, Mr. Parker, Director General of Administration, Mr. Peacock, Special Assistant to the Minister, and finally Dr. Hudson, Director General of the Economics Branch.

Mr. GREENE: Mr. Chairman, gentlemen, as you will recall, at the first meeting of this Committee, inasmuch as this was a new procedure, I was under the impression that it might be best to stick to the specifics of the estimates themselves rather than to proceed as we did in the House where the Minister normally made a statement of policy at the opening of the deliberations on his estimates. Really, what I had in mind was that this would be more of a working group which would do the actual digging in the details of the estimates, and when they go back to the House the broader statements would be made, et cetera.

Having heard the views expressed by this Committee and, in thinking it over I concurred in the views that you had presented and thought it would be more appropriate if I did make a broad statement I think that this is what I propose to do now, primarily to review government agricultural policy already announced; but also to give the Committee some idea of my own thinking on certain problems faced by our farm economy, and thereby to get the play of your ideas upon those suggestions of my own and also your ideas which are not necessarily included in my statement. I think in this way probably the Committee meetings can be of great use to myself and to the government as well as to yourselves.

The change in Ministers of Agriculture has not changed the basic underlying purpose and philosophy of the government's agricultural policy. It is still to bring about conditions in our agricultural economy which will enable the normally efficient family farm to produce a minimum net income at least as



good as the national average in industrial wages. I think this was the purpose that we have announced since 1963, and that basic premise to our policy has not been changed. This goal of the government's agricultural policy was announced in the House of Commons on April 13, 1965 by my predecessor in this portfolio and it was repeated in the government's farm program during the last election, to which some reference was made by Committee members at the first meeting.

Hon. members of the Committee will understand the importance of this, but I am not so sure that it is well understood by the urban population. I think, personally, this is one of the very important responsibilities of all of us as parliamentarians and as politicians, in the best sense. It is to communicate this need to the urban population. I feel this is particularly important because not only do we find almost inevitably that whatever is done in the best interests of the agricultural community and of the economic needs of the agricultural community; there is inevitably a reaction and a lack of understanding and almost an antagonism in the great cities. The government is in some way carrying the farmers on their backs with subsidies at the expense of the urban worker. I think this is a very difficult atmosphere in which to legislate in a manner which is in the best interests not only of the agricultural community, but of the country generally.

I think it is very important I think it was Adlai Stevenson who once said the most important function of the politician is to be a teacher. I think so often we forget that, and I think in this area those of us who are interested in the farm people of this country have a very important responsibility, and in particular does this responsibility become a more pressing one, I think, when we consider the effects of redistribution.

I think quite properly we would all agree that redistribution is just; that there should be a reallocation of voting strength considering that this country has become more and more urban. But, in so doing, I think we must remember that in the past the farmer has at least in some considerable measure been able to rely on his political power to achieve some measure of equity in regards to his own needs. And that power, relative to the over-all political power, is of course going to be diminished, and this is going to be increasingly so in the future, because I think the trends are inexorable in a country which is developing as rapidly as we are. Economic history in other lands features this, but in that kind of a developing country fewer and fewer people will gradually produce the food to feed the population. I think in the United States today it takes some 6 to 7 per cent of the population to feed the rest of the people. In Canada I believe it is something in the nature of 10 per cent. I have been informed that in a country such as Poland it takes some 40 per cent of people to feed the rest of the population. Therefore, I think it is inevitable that as a country becomes more industrialized and thence more prosperous, a smaller percentage of people are going to be engaged in the production of food for the rest of the country because the farmer is becoming more efficient among other things, and in that kind of a development it is surely essential that we want to legislate in the best interests of the farm community; that we, the politicians, I think, have the responsibility—I do not know who else is going to do it—of seeing to it that the farmers' problems and means are understood by urban people, and

that the education process for which we are responsible in this regard will give an understanding to the urban people that in the long run it is in their best interest too to see to it that we have economic policies with respect to agriculture that will lend to a stable agricultural community a reasonable return for the investment in labour and capital of the farmer.

The bare fact is that, unless the people on whom we depend to produce our food are able to make as good a living out of farming as they can by going into the industrial world, they are not, in the long run, going to stay on the farm. We have become accustomed, in our western world, for some time now, to think in terms of abundance of food. This certainly is not the case in many other parts of the world, and it is becoming more and more evident that we would be wrong to be complacent about food supply. People knowledgeable in the field are getting increasingly concerned about this. The reason is a simple one of arithmetic.

In Canada alone, there are 720 new mouths to feed every day, and 160,000 more every day in the world as a whole. These are rather staggering statistics when we consider that every single day 160,000 new people must be fed in the world, and the food producers of the world, of whom I think we are certainly the most efficient, have the responsibility for feeding that many more people in human terms.

If there is one thing that has been brought very forcibly to my mind since I have had the honour to have this portfolio, it is this increasing pressure on the need for food and the fact that the game I think has done a complete reversal in the past few years, which again I think a great percentage of our population does not understand. Certainly since the depression, we have been concerned largely with the economics of surpluses. We have always been talking about what we are going to do with these great surpluses we have in the producing nations of the world: the United States, Australia, New Zealand and Canada. That is what we have been talking about, I think, for some 40 years and more—30 years and more, anyway. We have been talking about the economics of surpluses, and I am absolutely convinced that certainly from now until the turn of the century, we are not going to be talking about surpluses or worried about surpluses at all. We are going to be in a continuing battle with respect to shortages, which is an entirely new game in our approaches, in our philosophies, in our policies. I think we will have to be geared to that thinking rather than to the thinking of the economics of shortages, as has been our way in the past.

I think there is a great challenge to politicians again to revise their approach to the economics of agriculture in this manner. I think, if my memory serves me correctly, that the population of the world is going to double between now and the turn of the century, short of internal policies to control population in various countries, but that, of course, is not our concern. Our concern is, if the present trend continues the population of the world will double between now and the turn of the century.

That means that all the techniques, all the abilities that we have developed since the history of man commenced, have enabled us to produce food at the rate we are doing, and we have accumulated knowledge which enables us to produce food at current rates. We are going to have to double those abilities



between now and the turn of the century. Mind you, of course, in all this, while the population of the world doubles, of course the physical size of the world, the amount of arable land in the world does not change. Of course, encompassed within this whole question is the rate at which industrial countries such as ours have been using up agricultural lands for non-agricultural purposes. I do not need to tell you gentlemen about that; you would be more familiar with it than I would.

Also, there is one other statistic which comes to mind, which I am sure many of you are familiar with, which rather frightens one. I think the American Department of Agriculture have done very effective research in this area. We are going to have to double our production of cereal grains between now and 1980. Now there again is a rather frightening figure. In cereals, I think we have certainly always worried about surpluses. If my understanding is correct, there is going to be between now and 1980 a very considerable struggle to meet the needs. I think most of you have seen that the United States is considering and, I think, in the current year putting into production a great deal of land that has been set aside as non-producing land. In this former economics of surpluses, they are putting it back into production in this year and in the ensuing year at a very rapid rate. This is the kind of atmosphere, the kind of economic prospect to which our thinking must be geared.

Farmers in the past have done a tremendous job of increasing their efficiency to take care of this ever-increasing need of food, and there again I saw statistics the other day which, I think, is the kind of thing that we should assure that our urban citizens understand while we pride ourselves quite justly in how efficient we have become industrially, how much more productive we are industrially. Most people, I think, attribute our very high standard of living today to our productivity, our greater efficiency in productivity in the industrial factor since the Second World War. Well, singularly, agricultural productivity since the second world war has increased at a greater pace than has industrial productivity. Now I do not think that, again, many of our people realize this. If the farmer's productivity has increased at a greater pace even than our very efficient industrial economy, then surely it should follow that his income and well-being should have progressed at a similar pace. I think those of us who are concerned with the agricultural problems know that the latter has not been the case. The extent to which this need is pressing on the supplies, this need for food, is indicated by the extent to which countries like Canada and the United States have passed out of surplus farm production to a position where the demand is using up available supplies.

Agriculture, of course, will continue to improve its efficiency, although whether this can continue to improve at the pace of the past few decades may still be open to question. There can be no doubt, however, that we will only keep people in the business producing food if it is economically attractive to them. I do not think there are saints in agriculture any more than in other fields of human endeavour, and it is economics that will determine whether the farmer stays in the farming business or goes elsewhere.

From 1946 to 1965, average net farm income increased by 2.3 per cent a year in real terms, that is, after adjusting for increased prices of consumer



goods and services. During the same time, manufacturing wages and salaries increased by 2.9 per cent per year in real terms, using 1949 dollars in both cases. This indicates that farmers in general were not sharing in the growth of real per capita incomes. The objective of providing a minimum level of income for farmers which is as good as the average industrial wage is therefore not just something which is in the interest of agriculture. It is a matter of very considerable national and international importance and interest.

I do not need to remind members of the Committee that the problems involved in meeting this objective of an equitable level of income for farmers are by no means simple, any more than any other governmental solutions to human problems. They involve the need for stable prices for agricultural products, costs of production, protection against unforeseen losses, credit, and many other factors.

I do not think any of us would pretend that we have all the answers, but I might indicate to the Committee some of the thinking on this, and some of the lines of policy to achieve this stability of farm prices and to achieve these other needs to which I have referred above. We have, I think, made a good start in the dairy industry through the new dairy policy which came into effect on the 1st of April. This has already been discussed in detail with the Committee and I do not think I should go into it any further now.

The next step will be the establishment of the Canadian Dairy Commission, and I hope to get the legislation for this before the House reasonably soon. This will mark a significant new development in that it will be the first commissioner board apart from the Canadian Wheat Board to have responsibility for a group of products on a national basis.

There is quite a bit of interest now in national marketing boards to supplement provincial boards, and I think, probably, most of you will have seen the pronouncement of the President of the Farmers' Union in this regard. He feels this is the essential need right now, more than any other national marketing boards.

The extent to which these may be necessary to achieve the needs of agriculture and various commodities will, of course, have to be carefully considered, but the National Dairy Commission will be the first step in this direction.

The second need to which I referred is the question of credit. It is evident that credit arrangements and provisions will have to keep in step with the needs of agriculture, and there again I do not think I need to emphasize the change in this regard in the size of the economic unit in fiscal terms.

I think probably, if my reading serves me correctly, that in the immediate post-world war II period roughly a \$20,000 or \$25,000 economic unit was a viable economic unit in agricultural terms; a man could make a reasonable return as compared with his fellow man in the industrial world if he had a \$25,000 capital unit. I think we all appreciate today that it takes a unit somewhere in the neighborhood of \$50,000 to \$70,000—and I have no specifics in this regard—but it takes a far bigger economic entity to enable the family

farmer of today to make a reasonable living as compared to his industrial compatriot than it did 20 years ago. This, of course, involves the question of credit at a very high and important level.

Farm organizations have proposed new credit features, and some were very ably suggested during the recent debate in the House on the Farm Credit Corporation amendments to provide more funds for the F.C.C. A question was raised in the House whether the present loan limitations were adequate for partnerships and family corporations where more than one family farm was involved in the same farm enterprise, and I think these points were very well taken. Another of the evolving new approaches in agriculture on which I think all of us have to keep an eye to determine the ways of the future is the two family farm, the corporate family farm as distinguished from the giant corporate vertical farm not geared to a family type of economy, but a two or three or four family corporate farm is certainly something that is being tried both here and in the United States, and I think all of us are very interested to know whether this may be in a larger measure the way of economic family farming than we had ever conceived in the past.

There is the very important problem of the credit needs and credit arrangements for young men trying to start farming. Again, I think this was brought out by many of you during the debate the other day. This is something very much in all our minds. In this regard the Committee, I think, may be interested to know that subsequent to the debate where I saw there was so very much concern in your minds on this question of young people going into farming, I requested my officials to give me some statistics in this regard. You may be interested to know that last year 67 per cent of the borrowers from the Farm Credit Corporation were under 45 years of age compared to the national average of 41 per cent. In other words, 41 per cent of our farmers are over 45 which is, I think, a striking statistic as compared with other fields of economic endeavour. And yet, last year 67 per cent of our borrowers in F.C.C. were under 45, which indicates that there is an awakening interest in young people in returning to the economics of farming.

There is the question of the extent to which we can increase the effectiveness of the farm credit program in farm consolidation and enlargement in low income areas where farming is economically practical. And again, I think all of us appreciate that this is one of the great challenges, the consolidation of units which are presently not viably economic units which could be, with consolidation, with credit and with funds made available for this purpose.

There is the matter of emergency disaster credit, and there is the need to consider what amendments may be desirable in the farm machinery syndicate program in the light of the experience we have had with it to date. I think there again this is one area where I hope this Committee can be of very great use to the government and to the country in letting us know your experiences with this new approach under the farm machinery syndicate program. Has it worked? Is it of benefit? Should it be broadened or improved? In what ways can it be made more useful to the farmer?

These are some of the areas we are examining in connection with the amendments to the Farm Credit Act. In my brief period in this portfolio, I have

been impressed with the need to provide farmers through crop insurance with the means to protect themselves against serious crop losses owing to weather conditions, and I think in this area, what has been of particular interest to me—and there are many of you who will be considerably more knowledgeable than I in this regard and, I think, can be very helpful to me—is the evolution with respect to the P.F.A.A., and the relationship between P.F.A.A. and crop insurance. Certainly, I think P.F.A.A. has been a great hallmark of accomplishment in this country, something of which I think we can be very proud in our agricultural history. It has done a wonderful job for the western farmer in the past. I have some concern whether it is as effective today as it has been in the past, and I am very interested to know what will be the relationship vis-à-vis P.F.A.A. and crop insurance in the years to come.

● (10.20 a.m.)

The crop insurance legislation introduced by the previous government provided a start, in this direction of crop insurance. The last Parliament brought in an amendment to this which provided for federal reinsurance with the major portion of this insurance taken on by the provincial governments participating in the crop insurance program. I think that the reinsurance aspect of our legislation in the last Parliament made by the federal crop insurance program more attractive to the provinces in that it made it financially more easy for them to enter into it without assuming risks that they could not foresee in the future and which they might not be able to adequately meet with the taxing powers available to them.

Now, this reinsurance provision led to a substantial increase in crop insurance coverage in the participating provinces but its application was still largely confined to grain crops on the prairies. I think it is only fair to say that crop insurance was not really effectively used anywhere but in the prairies up to the present time.

Both my predecessor and myself have had extensive discussions with the ministers of agriculture in the other provinces about the need to provide crop insurance. It has been indicated that some provisions of the present act, in these discussions, primarily the limitation of 60 per cent coverage, has been restrictive in proceeding with crop insurance in areas other than the prairies. I think in my discussions with provincial ministers and officials this 60 per cent limitation has been the single factor which the ministers of other provinces referred to most often in pointing out the shortcomings of the present crop insurance program.

We will be presenting legislation to parliament for some amendments to the Crop Insurance Act which will make it more adaptable to a wide range of agriculture. In the meantime British Columbia, Ontario and Quebec, have all introduced crop insurance legislation in their legislatures. I think Ontario and Quebec in the current session have announced it in their throne speeches. I do not think the bill has been passed in the three provinces. I think we can be hopeful of a marked increase in the use of crop insurance. This is a trend that is quite prevalent and we can certainly foresee it with reasonable accuracy in the future.

I would like now to say a word about research. I am sure that all ministers of agriculture have supported research and I would like to assure the Com-



mittee that I intend to follow in that tradition. If we are to keep ahead of this pressure and demand for food that I have referred to earlier, we will continue to need technological breakthroughs which will increase the volume of production per acre or per animal.

There have been many of these in the past such as hybrid corn, the tailoring of rust resistant varieties of wheat and they will continue to be needed in the future. Sometimes our scientists are criticized by laymen for engaging in basic research, but that is the area from which the really significant developments will come. In this area the Department of Agriculture has never had greater reason to be proud than it has this week. The discovering development of the new antibiotic drug "Myxin" by Drs. Cook, Peterson and Gillespie at the microbiology research institute at the Central Experimental Farm promises to be one of the most important breakthroughs in the fight against disease in a very long time. It is the most dramatic example of the vital importance of pure research in agriculture and of the benefits which can accrue to our farmers as a result. But at the same time I do believe that there may be something of a gap—an information gap perhaps more than anything else—between the researchers in my department and the farmer out on the land who may spot some new bug or worm on his crops and want to be able to take it straight to one of our laboratories to find out what it is and what to do about it. There is involved here not only the question of extension in bringing up to date technical information to the farmers; but associated with that is the whole question of farm management.

The farmer today increasingly is becoming and has become a businessman. I think while the family farm is still the most efficient economic unit, most persons concerned with agriculture wish to perpetuate the family farm as the economic base of our agricultural production. It is a different kind of family farm from that of 20 or 25 years ago. It is a family farm which is a business rather than a way of life as mixed agriculture at least has been largely the nature of the family farm of the past.

The family business farmer today needs a wide range of technical and business advice on production, marketing, accounting and so forth. Just as management in the city has become vastly more complicated and sophisticated today, so must management be upgraded in our farm economy. In some cases already the computer is being used for farm accounting.

Extension, of course, is an important field of provincial activity but I think it is important that the very substantial information available from the resources of my department in technical and scientific matters and in economics, should be fully brought into play in this total activity. I think in this area the relationship between extension which is constitutionally a provincial responsibility and what part we can play at the federal level in this direct communication with the farmer, with the developments of technology and the development of business techniques and approaches which is but a phase of technology, the relationship between federal and provincial is one to which we must apply our best abilities and attention.

I found in my short term that in my view there is considerable disparity between various provinces in this regard. Some, possibly because of the greater

ability to pay have been able to give a much more effective extension service than in other provinces. Now, in this area what should be the function of the federal government to give greater extension services in those provinces which themselves have not become sufficiently sophisticated as others, or just what should the federal role be in this area of extension. I think that is a problem to which we must all give our concern.

Perhaps we may see the development, the co-ordinated farm advisory service on a national or regional basis. This is something in which I have become personally very interested and I am certainly going to be very much interested in hearing the views of the members of the Committee in this regard. How this service can best be provided still is not clear in my own thinking. I would welcome any useful suggestions from the Committee. I offer these ideas for the Committee's consideration and advice. There are other problems in agriculture and there are certainly some that in the back of my mind I am mooting and thinking about which have not become sufficiently crystallized to start talking about them yet.

I believe I have given the Committee at least a fairly adequate summary of the general agriculture picture as I see it at the moment and some indication of my present thinking. Thank you.

Mr. MUIR (*Lisgar*): Well, first, Mr. Chairman, I would like to express my appreciation to the Minister for accepting the Committee's suggestion to enlarge on his original statement in outlining some of the difficulties of agriculture. But, it would seem to me if we are going to solve one of the farmer's most pressing problems we have to find some way of providing him with a larger share of the consumer dollar in farm produce.

The Minister mentioned the continuing need for adequate credit, and, of course, we all know that in order to maintain an efficient operation credit is very necessary. An income to the farmer not only to give him comparable income to his industrial counterpart but to also retire these borrowed funds is essential. It would seem to me that this is one aspect of our agricultural problem to which the Minister could give his undivided attention. I turn to some of the problems that have been worked since he took over as Minister, I think it is safe to say that Manitoba pioneered in the legislation for crop insurance by setting up pilot areas which they did very carefully and I think it has paid off to the extent that now they are able to enlarge their operations in this regard.

Now, we see a continuing trend of an exodus from the farm area to more lucrative fields. This may mean a drop in farm production, but I do not believe that this necessarily will happen. In fact, agricultural production could conceivably continue to increase: first, by better tillage methods, better weed and insect control and the more extensive use of fertilizers which the farmers of Canada and particularly western Canada, might be embarking on only now. We have used fertilizers for the past few years but not to the extent that they are being used now. I would think that even if there is a larger call for cereal grain between now and the end of this century, the farmers will be able to meet it.

This, of course, may mean higher cost of production because labour and machinery and fuel and fertilizer are all expensive items, and I think it points up more than ever the necessity of maintaining farm prices at a level that will provide the farmer, not only with the tools that he needs to operate and to increase production, but to give him a standard of living that is going to keep him on the farm. I think this is one of the problems—and it is a very serious problem—that the government and parliament must wrestle with during this and sessions to come.

We may have to do things that we now think are not to best interest of the consumer, but I would suggest to you, sir, that the consumer has been getting a better break in Canada so far as farm produce is concerned than in any other country. I think it is time that the people of Canada realize the value of keeping sufficient agricultural people on the farm. If we can help them do this we will have done something that probably was not thought we were able to do in the past years.

I would like to—perhaps I do not have to—tell the Minister that I think this is one of the most important problems he is going to be faced with during his term in office.

Mr. GREENE: I do not know whether you would prefer, Mr. Chairman, that I try to meet these points as they come—I will try to be brief in these things. I do not think I could concur with you more, Mr. Muir, with respect to the same problem I referred to—and which you so effectively brought out—that the consumer in Canada has in fact got a very good deal which is not appreciated in my mind to a sufficient degree in the great cities. I do not think any statistics can indicate it more clearly than when we say, which is a fact, that the Canadian spends a smaller percentage of his income on food than the people in any other developed country in the world. This shows, surely, the efficiency of the Canadian farmer, and it also is the reason why the Canadian has such a high standard of living, because if you are spending 60 or 70 per cent on your income on food and, of course, in many less fortunate nations they do not even have enough income to feed themselves, but if you spend a lower percentage of your income, as we do here, then you have that much more of your income left to buy a car or a home or an outboard motor or all those other things which contribute to our high standard of living. I think that statistic more than anything else clearly indicates the point which you have been making.

I might point out that the best proof I can give that I concur in your view in this regard is the dairy program, which is the one major item that I have been able to bring in since my term of office commenced, and this new program indicates that the dairy farmer should be able to achieve an income at 14 to 15 per cent higher in the current year than he did last year. Now, if we can do this kind of thing where it is needed in other phases of our agriculture economy I think we will be working towards the end which you so properly outlined.

Mr. DANFORTH: Mr. Chairman, I would like to pose two questions to the minister now. So that he will have an opportunity to answer them both when he replies. They are not related subjects.

I very much appreciated the statistics the Minister provided to the Committee this morning. Certainly we all agree that it is very hard to know where



we are going if we do not know where we are now. The statistics which he provided, I feel, were not enough but were perhaps all he could give us in the limited time.

I was very interested in the percentage increase in the farmer's real income as compared to the industrial increases. I wonder if the Minister could inform the Committee whether in the compilation of these figures the government direct subsidy was included in the real income as realized by farmers, which would have quite a bearing on this particular matter. This is the first question I would like to pose to the Minister.

The other one deals with the approach in the government policy towards the solving of the very pressing economic problem facing farmers today. I appreciate that he dealt at length with the intent where there is a very low standard of living and real poverty in various agriculture areas. He dealt with the work which the government is proceeding with in connection with looking into the national marketing schemes and he dealt at length with the crop insurance. But the Minister stayed away from the policy of the government towards attacking the high costs that the men engaged in agriculture are faced with in all fields. The Minister did not mention any government policy or thinking towards the tremendous increase in farm machinery prices, as pointed out by Mr. Muir, the increases that we are going to be faced with in commercial fertilizers, although it is my understanding that the prices of commercial fertilizers, or the cost of commercial fertilizers, have increased at a far slower rate than the prices of farm machinery.

I feel that, perhaps, this is not one of the very major contributing factors towards the increase in farm prices, but I would like at this time if the Minister could give us some of the government thinking towards the tremendous costs that farmers are faced with because whether we are subsidized—as men in agriculture—by the government or some other method is taken, unless we reduce the over-all costs to agriculture in sufficient amounts to meet these costs we are in grave danger of pricing ourselves out of world market and active competition. I just wondered where the government stands on this very important policy.

Mr. Chairman, when I spoke of grants I meant both provincial and federal taxpayers' money. I should like to know whether or not it was included in the compilation.

Mr. GREENE: I am instructed that in compiling these statistics for the committee, the officials took into consideration all subsidies. When we speak of the 2.3 per cent increase in the farmers' income as opposed to 2.9 industrial it includes all subsidies he receives both provincial and federal. Therefore, it is every dollar he gets.

Mr. DANFORTH: Would it be possible, Mr. Chairman, for the Committee to be furnished, at a later date, with the statistics in the past few years, so that we could get an idea of the real picture of agriculture and have the comparison of the increase with the before and after government subsidy broken down. I think this would give a better picture for the Committee to see exactly where we stand on agriculture if agriculture were to stand on its own feet.

Mr. GREENE: I am instructed, Mr. Danforth, that we can do this with direct subsidies but indirect subsidies may be difficult. I think the best thing to do would be to put our economics experts to work on the question. I think it is a very valid one and we will give you the most comprehensive statistics we can in a meeting of this nature.

With regard to the second question, this is of course a continuing and unending problem. I have been most concerned to date with farm machinery which has been so constantly and effectively drawn to my attention in the House of Commons. I have no immediate answer but I have said several times I hope to have an answer soon, but I have not quite come to a conclusion yet as to what the word "soon" means in a parliamentary sense but I can assure you I have not been sleeping on it. I have had a great deal of help from members on both sides. I do not think it would be fair to members to name names but one particular member on this question of farm machinery has certainly helped me a great deal. He is certainly concerned about it and very knowledgeable in this area. Through communication with him and other members and through the representations in the House, I have come to the conclusion that if we are going to do anything useful in these areas it should be comprehensive and we should approach it not so much in a sense of retribution or witch hunting or merely in a political sense in its worst approach. We should try and do something that has a good chance of really being beneficial if we are going to do research into questions of cost and cost-price squeeze that the farmer is faced with.

Hence, I have done a great deal of work and I hope, again I say soon, and I hope that soon will mean soon, and not parliamentary soon, that we can do something useful in at least part of this area, namely, the question of farm machinery. Mind you, I do not think there is any black magic in all this. When we do have an industrial community that is expanding very rapidly, when we do have industrial wages that are moving ahead at a very rapid pace, which I think we all want, and when the farmer's income is in very large measure, certainly the western farmer, geared to world prices and when world incomes are not progressing industrially at as rapid a rate as we are, then this inevitable squeeze comes up that we cannot sell our products on world markets for prices that are going up as fast as our domestic wage and other costs are going up in Canada.

I do not think this is a new problem, I think this has been the problem of those who were selling raw commodities in world markets and whose industrial wages domestically were going up very rapidly. I think the history of Canadian agricultural policy has been the attempt to solve this question. There are those who are strong, free entrepreneurs who claim that the farm economy should stand completely on its own feet and there should not be such a thing as subsidy at all. Well, if such were the case, then I think that we can only say that we would end up in the jackpot that Mr. Danforth is foreseeing—we would not be able to sell in world markets at all. I think our whole economy would be chaotic.

All I can say is that this must be the immediate concern of government. Again I repeat that I think the dairy policy indicates something of our thinking with regard to the need for farm income. But this question of subsidy in its proper



place is something that certainly has given me some concern and I notice the premier of Manitoba, I believe it was in his throne speech, envisaged the need. I certainly have been thinking along these lines; I have no easy or ready solution, but the premier envisaged the need of a new look at our entire agricultural picture and approach. As you put it, Mr. Danforth, "Where do we stand, and where are we going"? I think he envisaged the need of some form of national conference or conclave to determine the agricultural road for the future. There is this concept. I am not sure that a national conference is the answer. It might be too much talk and not enough solutions but it may be that in this new kind of world we are taking about, the world whose population is going to double and between now and the year 2000, the world in which food shortages are going to be the way of life rather than world surpluses; the world of fantastic technological advances in the industrial area as well as in the agricultural. Maybe we should take a very clear look at the ways and approaches of the past under a new microscope to determine whether in many of our approaches we are too much on the road of yesterday, and we are not building rapidly enough the road of tomorrow.

Believe me I only cite this as an illustration because I am no expert in this to the degree that many of you are. There are the problems in grain handling, for instance, which I think are of great interest to all. In my reading I have come to the conclusion that the ways in which we are handling our grain are really just an historical growth from the county elevator all the way through that started with the first shipment of wheat from Manitoba before the turn of the century; and we have just developed this system on that original base.

● (10.50 a.m.)

Now, whether or not this is the proper base on which to continue our grain handling in the future, or whether some new approach, some new methods, should be thought about is something that has given me concern. If we go on on the original base and keep building on it are we on the road which was satisfactory in the past? But instead of following that same road maybe we should be building a super highway paralleling the old road which, when it is finished, we will travel that new super highway instead of staying on the old county road. These are certainly the kind of dynamic problems with which we are faced today in the light of a very rapidly changing world. I think someone has said the world has changed more, technologically, in the last decade than it did in all man's known history prior to that time. That is the kind of world we are in and that is the kind of world in which we have to gear our agricultural policies to meet the needs of this new kind of world we are living in.

I have no ready answers in regard to your second question except that I appreciate the problem and we will certainly continue in every facet to look at it.

MR. DANFORTH: I would like to ask the Minister, through the Chairman, if the department is in the process, at the present time—and I base my question on the experience of the committee we had set up to look into this where we sat in endless meetings but did not seem to make too much progress—of compiling, so they could be made available to the Committee, if this should come up,



comparative figures to illustrate graphically the increase in the price of farm machinery to the farmer in comparison to the component parts and labour going into the machinery, so that we can get a picture of just exactly what is happening in farm machinery. In other words, are the machine people taking an average increase in profit or are their expenses increasing to such a point that they are compelled to ask these prices; because I think this would have a bearing on whatever methods that might be taken to help agriculture in this respect. It may be as the Minister pointed out—we might have to look at this in an entirely new light as to the creation of machinery pools, or co-operatives or some other completely new approach. I just wonder, if this is being done or perhaps has already been done, in the department, in regard to this picture.

Mr. GREENE: I have seen statistics relative to the increasing costs of farm machinery as compared to the increasing cost of other industrial products which did not indicate in any startling sense that farm machinery had gone up at a greater percentage per unit, for productive unit. Farm machines today are bigger than they were 10 or 15 years ago so you cannot compare them as equals. It did not appear, for instance, in the statistics I looked into, that farm machinery had gone up at any greater rate than motor vehicles. But, I think this kind of statistic could be useful. I hope, as I say, that soon we will be able to do something which will meet with your approval with respect to taking a look at the question of farm machinery.

Mr. JORGENSEN: I see that it is almost eleven o'clock and the House will be sitting soon. I was wondering if we are to assume that we are operating on much the same basis as we do in Committee of the Whole in the House of Commons. This is more or less an extension of one. I was just wondering if we were going to continue the debate here on Item I at the next meeting or whether we are going to go to some other item of the department.

The CHAIRMAN: I have just been in conversation with the Clerk of the Committee and I suggested to him that before we adjourn today we decide whether the committee wants to proceed on the order that the Minister be back here, which you have suggested or not. If this committee wants this, if the Minister can be available next Tuesday—

Mr. GREENE: There are not just enough hours in the day to be at all the places you should be when you should be there. I know that there are Committee members who are on more than one committee who have the same difficulty. This hour here—if this "hour" is not a bad word—is a very useful one for me. If this meets with your needs, in that the cabinet very seldom sits unless there is a crisis of some kind at this particular time. On Tuesdays and Thursdays the cabinet sits and if I am here at that time I miss a cabinet meeting.

Mr. JORGENSEN: Is there any particular reason why the Committee could not meet at 9.30 rather than 11 o'clock on Tuesday.

The CHAIRMAN: We are having difficulty again, Mr. Jorgenson, in trying to arrange Committee rooms and times; they are trying to stagger them and I did not realize it until the Clerk said it was 11.00 a.m. I had asked, I do not think

for preferred treatment, that preference should be given to this committee on account of its size and need for a quorum.

An hon. MEMBER: We did ask for preferred treatment.

The CHAIRMAN: Yes, I think you can say that.

Mr. HERRIDGE: Well, Mr. Chairman, I understood a Committee of this nature operates somewhat under the rules of the House. I felt that while we had the Minister here it would have been better to have had one spokesman from each of the parties in the House so that the Minister would have an opportunity to reply to their reaction to his statement. But if the Minister could be here next Tuesday at 9.30—

An hon. MEMBER: That is what I had in mind.

Mr. JORGENSEN: I thought we were proceeding on a course that would necessitate duplication of a great deal of the debate and if we could have statements by people who want to make statements at this time and then proceed on with the items I think it will provide for much more orderly discussion of the estimates.

The CHAIRMAN: Would 9.30 be any better?

Mr. GREENE: Well, the cabinet sits at 10 on Tuesday so that does not help much. It is pretty hard for me to say at this stage until I know what is on the agenda for the cabinet. Could you leave it open for the time being and permit me to straighten that out with the Chairman between now and this evening to know if I will be here on Tuesday or whether you will take up one of the items.

The CHAIRMAN: Is the committee in agreement with this.

Agreed.

The committee is adjourned.

### APPENDIX (1)

Estimate by Provinces of Federal Expenditures under 1966-67  
Dairy Support Program (millions of dollars)  
(Based on 1965 production)

Prince Edward Island .....	1.5
Nova Scotia .....	0.7
New Brunswick .....	1.2
Quebec .....	33.7
Ontario .....	34.0
Manitoba .....	4.4
Saskatchewan .....	4.4
Alberta .....	8.2
British Columbia .....	1.0
Canada .....	89.1

Ottawa,  
April 27, 1966.

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**LÉON-J. RAYMOND,**  
*The Clerk of the House.*



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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PROCEEDINGS

No. 4

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Respecting

Estimates (1966-67) of the Department of Agriculture

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TUESDAY, MAY 3, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of Agriculture Stabilization Board and Mr. C. R. Phillips, Director General, Production and Marketing.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-Wolfe</i> ),	Mr. Grills,	Mr. Noble,
Mr. Beer,	Mr. Herridge,	Mr. Nowlan,
Mr. Berger,	Mr. Honey,	Mr. Olson,
Mr. Choquette,	Mr. Hopkins,	Mr. Peters,
Mr. Clermont,	Mr. Horner ( <i>Acadia</i> ),	Mr. Pugh,
Mr. Comtois,	Mr. Johnston,	Mr. Ricard,
Mr. Côté ( <i>Dorchester</i> ),	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Crossman,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Danforth,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Tucker,
Mr. Éthier,	Mr. Madill,	Mr. Vincent,
Mr. Faulkner,	Mr. Matte,	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Château-guay-Huntingdon-Laprairie</i> ),
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	
Mr. Gendron,	Mr. Nasserden,	Mr. Yanakis—(45).
Mr. Godin,	Mr. Neveu,	

(Quorum 23)

D. E. Levesque,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

TUESDAY, May 3, 1966.

(5)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 11:20 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Berger, Clermont, Comtois, Crossman, Danforth, Faulkner, Forbes, Gauthier, Gendron, Godin, Grills, Herridge, Jorgenson, Laverdière, Madill, Matte, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Nowlan, Peters, Ricard, Roxburgh, Schreyer, Tucker, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan (28).

*In attendance: From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister (*Production and Marketing*) and Chairman of the Agricultural Stabilization Board, Mr. C. R. Phillips, Director General, Production and Marketing, Mr. J. C. Moffat, Director of Administration, Production and Marketing, Mr. J. S. Parker, Director General—Administration and Mr. W. R. Bird, Director, Crop Insurance.

*Also present:* Mr. Winkler, Chief Opposition Whip and Mr. Régimbal.

The Chairman introduced the witnesses and the Committee proceeded to the consideration of the Estimates of the Department of Agriculture.

At the suggestion of Mr. Danforth, it was *agreed* that one speaker for each Party represented on the Committee be heard on the Minister's statement.

It was agreed that tables showing:

1. The effect of Government subsidies on the rate of change in real net farm income;

2. The price of farm machinery compared with other components included in the index of prices of commodities and services used by farmers and details respecting the increase in salaries in manufacturing.

(*For one and two above, see Appendix 1*).

The questioning of the witnesses continuing, at 1:00 p.m. the Chairman adjourned the Committee to 9:30 a.m. Friday, May 6, 1966.

D. E. Levesque,  
*Clerk of the Committee.*





## EVIDENCE

*(Recorded by Electronic Apparatus)*

TUESDAY, May 3, 1966.

(11:20 a.m.)

The CHAIRMAN: Gentlemen, I see a quorum and we will get the meeting under way.

The meeting today is to discuss Vote 15 and I hope you all received a copy of the summary of the functions of the Production and Marketing Branch under his vote.

You will notice that we have by-passed Research because Dr. Anderson, from Research, could not be present today nor could the Minister, to finish his policy statement, as Tuesday is Cabinet day. Members of the Committee will recall there was some doubt regarding his availability here today, but I have discussed this with him and he has agreed to come back on Friday and finish his policy statement. Those members who are desirous of questioning him might note that he will be back on Friday morning at 9.30 a.m.

As soon as we have finished Vote 15 of the estimates we will return to Research, if the Committee approves, but it may take some time to get through Vote 15.

Mr. DANFORTH: Mr. Chairman, on a point of order, are we to understand, then, that we are going to have an opportunity, when the Minister is present, or a representative of each of the parties to comment on the policy statement that he has made? And then, beginning this morning, we are going to go ahead in a regular fashion and deal with the items as they appear in the estimates, one at a time, until they are completed. And that each time we can anticipate an item in the estimates coming up, previous to our meeting on that particular item, we will receive a general statement so that we will have the facts available to us, in a general nature, before we come to the meeting?

The CHAIRMAN: This was the intention of the Committee, I think.

Mr. DANFORTH: Well, Mr. Chairman, the material which has been prepared is going to be extremely valuable; it is well put together and deals not only with item 15 but with a whole series of items. Is this going to be the basis of items 15 to 35, inclusive?

The CHAIRMAN: Yes, this is my understanding.

Mr. DANFORTH: But we are going to proceed in an orderly fashion, concerning the items as they appear in the estimates and we will have the appropriate witnesses before the Committee, the men who are responsible for each of the departments as they are referred to? Am I clear in this?

The CHAIRMAN: Yes, as they are available, that is right.

Mr. DANFORTH: Thank you, Mr. Chairman.

Mr. JORGENSEN: Just one further question, Mr. Chairman. Is it then your intention, whenever the Minister is available, that we revert back to item No. 1?

The CHAIRMAN: Maybe I did not make it clear enough when we started the meeting that, just before we adjourned last Friday, it was the desire of some members to have the Minister back, at his convenience, and there was some discussion regarding whether he would be here today. I talked to him later in the afternoon and there were some items concerning his department to come before the Cabinet today and it was important that he should be there. He asked if he could come back on Friday and I said as far as I was concerned, as Chairman of this Committee, that would be all right.

I also discussed with Dr. Barry whether he could have the next item on the estimates back before the Committee today. However, Dr. Anderson was not available for Research, so that is why we are on the next immediate item after that.

Mr. JORGENSEN: That is perfectly all right. I do not want to register any complaint about the Minister not being here. He is a busy man and he has other commitments. All I wanted to know is whether or not, when the Minister is here, we are going to revert back to Item No. 1.

The CHAIRMAN: That is right. That is my understanding.

Mr. JORGENSEN: Then discuss broad policy statements.

The CHAIRMAN: What I gathered, from the discussion with the Committee members here last week, was that this is what they desired and I discussed this with the Minister and he said he would be quite willing to do that.

Mr. WINKLER: Not being a member of the Committee, but having an interest, Mr. Chairman, I came this morning in anticipation of the grouping of items as you referred to them. I have a specific interest when the Committee reaches the item of race track betting. I believe there is an area here in which the Committee might find some general interest and possibly discuss and recommend to the House changes that could be effected in the Criminal Code that would be desirable at the Federal level and would have a tremendous effect upon the provincial interest in this regard.

There are current inequities in the law, in consideration of the increased interest in this particular field and, although I make it clear I have no personal interest, I am aware of the general interest in a number of the provinces. I do not know how this affects all the provinces, mind you, but I do know of the interest of a number of provinces. A very minor amendment of the Criminal Code, on the recommendation of your Committee, would rectify these inequities which exist and would, I believe, be in the best interests not only of this business but, indeed, of the whole country.

It affects people, for instance, who depend upon having a charter for a one-day fair meet or something of this nature, upon which they depend for revenues and so on.

I think it is of sufficient interest and value that the proper officials be called to thoroughly discuss this matter.



The CHAIRMAN: I think this is well taken, Mr. Winkler, because I know, personally, that representation has been made to myself, as a member, concerning this operation and probably other members have had similar representations made to them too.

You are desirous, then, that at the time this is discussed before the Committee, the officials who are actually administering this operation be before the Committee at that time?

Mr. WINKLER: That is correct. I do not wish to deceive anybody. I am aware of the interest within the department; I am aware of the interest of the Minister; I am aware of the interest at the provincial level and there is a general area of agreement now.

I think the Committee, if they heard the explanation of the situation from the senior officials, might well consider recommending some change in the Criminal Code when the report goes to the House. When you reach item 20, under which this falls, I can come back.

The CHAIRMAN: It actually comes partly under item 15. Is that not right, Mr. Williams?

Mr. WILLIAMS: Actually, Vote 15 covers the broad administration and provides the headquarters for the various divisions and votes that follow. You will note that, in this year's estimates, the divisions are not listed as separate votes; they are grouped by animal products and plant products, with subvotes within these.

The actual operation of race track betting comes under Vote 20, which is a portion of animal and animal products, in which two major divisions are concerned—the Livestock Division and the Poultry Division. The race track betting comes under the Livestock Division as being a subsection of this division which is, of course, part of the Production and Marketing Branch.

Mr. WINKLER: However, if the officials are not here to talk, it will not be discussed today. Is that right, Mr. Chairman?

The CHAIRMAN: It is in the hands of the Committee, so far as I am concerned. Mr. Williams has just informed me that officials can be made available at any time, concerning this and other topics but, before we went into session, I should probably refer to the Committee. I did discuss items 1, 2, 3, 4 and 5. For instance, No. 4—Prairie Farm Assistance Administration—might be quite detailed. If, when we come to this item, the Committee should feel it desirous to call before them officials from Regina to go into details and technicalities, as Mr. Williams has now said, this can be done. I think we will have to see how we progress today.

Mr. WINKLER: I know it would be a courtesy of the Committee if they could facilitate me in this way, but I have no intention of forcing myself or my views or even my request, in this regard, on the Committee. What I am really saying to you is that if you will be so kind as to let me know when you have this item before you, I would like to be present.

The CHAIRMAN: So you can be told.

Mr. WINKLER: Yes, sir.

The CHAIRMAN: We do not know how far we are going to get today.

Mr. WINKLER: I do not want to rush you, Mr. Chairman. I am available 24 hours a day.

The CHAIRMAN: Well, Mr. Winkler then, if we get this far in the estimates today, we could call you and we could call them at the same time. Mr. Williams informs me they can be here in 10 minutes.

Mr. WINKLER: Any arrangement will suit me, thank you.

The CHAIRMAN: Fine. Gentlemen, if there is no further discussion on our procedure, we will then proceed.

Mr. CLERMONT: I wonder would it be possible to distribute French translations two days ahead of our meeting, because we got this one last night.

The CHAIRMAN: You are desirous of having these earlier?

Mr. CLERMONT: I am not making any complaint but would it be possible to get it. Instead of the night before at least a full day ahead, especially if the English one is a day ahead and we people do not get the French one until the morning of the session. We got the French version this morning.

The CHAIRMAN: I think it is probably due to the mechanics of setting up these meetings and trying to let the appropriate officials know in sufficient time to prepare.

Mr. CLERMONT: If it is possible, Mr. Chairman, then all right. If it is not, then we will have to get along the best way we can.

The CHAIRMAN: As long as we give the officials enough warning, ahead of time, what business we are going to be dealing with at the next meeting, I think this can be worked out. I think it will be better in the future.

Mr. CLERMONT: Thank you very much, Mr. Chairman.

Mr. DANFORTH: Mr. Chairman, I would like to ask, if I may, a preliminary question. I understand, now, that we are dealing with item 15?

#### DEPARTMENT OF AGRICULTURE

##### Production and Marketing Administration

15. Administration, Operation and Maintenance including the administration of the Agricultural Stabilization Act, and contributions to assist in the Marketing of Agricultural Products subject to the approval of Treasury Board, \$2,506,300.

The CHAIRMAN: That is right.

Mr. DANFORTH: What I wish to ask arises out of a statement Mr. Williams made in reply to a previous question. Can I ask him through you, Mr. Chairman, if, in the compilation of the new estimates a different set-up is being contemplated by the Department of Agriculture; is there any re-organization or change? You spoke of different groupings and difference of set-up. Am I to understand, from this, that there is a change taking place?

Mr. WILLIAMS: No, Mr. Danforth, it is simply a change in the method of presenting the estimates.

Mr. DANFORTH: Is this so that they will appear differently in the compilation of the estimates themselves, as presented by the department?

Mr. WILLIAMS: No, it is simply to group together the funds that are devoted to a particular area of work so that they are more easily understood by Members and by the public. In other words, all plants and plant products will be in one lump vote together instead of being scattered through and mixed in with the livestock and the poultry.

Mr. DANFORTH: I can understand that but may I, Mr. Chairman, direct another question which has to do with general policy? I do not know whether or not the witness would be in a position to answer this question directly, but it is a matter of interest to me.

I can understand that the Department of Agriculture receives a directive in the form of government policy which is responsible, in general, for its program, and I can well appreciate that a government policy can be of a general nature. Now, may I ask what is the chain of control in regard to the establishment of basic programs followed by the Department of Agriculture? Is it by consultation with various groups? I am speaking of universities, provincial groups and all those allied parts of the department which are doing comparable work.

There must be some chain of control and I have always been interested to know how this is brought about. It could be very cumbersome and there could be a great deal of duplication of effort if there were not some co-ordinating factor. What I am asking, Mr. Chairman, is whether the witness could elaborate on this method of co-ordination.

Mr. WILLIAMS: There is one major co-ordinating body right across Canada; it is an unofficial body and it is known as the National Agricultural Co-ordinating Committee. It consists of the Deputy Minister of Agriculture for Canada and the Deputy Ministers of Agriculture for each province plus Deans of Universities of Agriculture, right across Canada. It meets at least once a year and subjects are put on the agenda at the request of any member.

In general, policies that represent co-ordinated policies—that may be joint policies or policies that may be national but apply variously in different areas—I would think are invariably discussed at these meetings. I would say that this is the major co-ordinating body. Now, I am not dealing with research co-ordination at the present moment, which does come through the same area as a subcommittee, but I think that could be dealt with at another meeting of this Committee when research comes up. I am talking of the type of policies that come under this organization.

In addition to that, the department itself, before implementing policies such as those which follow the general area of providing services to the producer and to the industry, things like the various record of performance programs and the various grading programs, follows a reasonably formal process of consultation with the major national organizations, if such exist. Now, if in some areas they do not exist the department uses the best available.



I think, briefly sir, that is all I can say in respect of co-ordination; the major formal body, which is the National Co-ordinating Committee on agricultural services and the other method of consultation through national bodies of farmers' organizations and special commodity groups and things of that nature.

Mr. DANFORTH: Do I understand, then, from your explanation that this formal regional co-ordinating body meets annually? Are there provisions made for any meetings that could be called in between or is it divided up into sub-committees which would carry on a continuity?

Mr. WILLIAMS: There are both. It can meet at any time but, in general, it meets once a year. There are standing committees and then the committee itself forms many ad hoc committees to deal with specific problems, dissolving these committees as soon as their function is served.

Mr. HERRIDGE: Mr. Chairman, how are the decisions of this co-ordinating committee related to its annual conference routine between Federal and provincial representatives?

Mr. WILLIAMS: I am not sure, sir, that I quite understand your question.

Mr. HERRIDGE: Political representatives—Ministers.

Mr. WILLIAMS: Are you thinking of the outlook meeting in the fall, Mr. Herridge?

Mr. HERRIDGE: Yes.

Mr. WILLIAMS: It is not specifically related to that at all. The fall meeting is an outlook meeting that is supposed, in general, to provide to the agricultural segment of our country some picture of what they might expect in the way of production, markets, and so forth for the coming year. In general, it is not a policy making one.

Now, I said that this Co-ordinating Committee is an informal committee, which is all it is. The Deputy Ministers from the provinces and the departmental representatives obviously must, within their own legal framework, make what recommendations they see fit in respect of their participation in it, but it does co-ordinate thinking on these matters.

Mr. DANFORTH: One further question, Mr. Chairman, and then I will pass, knowing that the other Members have questions too. I have always admired the detailed knowledge that the Canadian Department of Agriculture has always had of the advances in agriculture all over the world. Is there any co-ordination between this group, of which you have spoken, and the various agricultural segments of the other countries? Where is the tie-in?

Mr. WILLIAMS: Once again, I think I would have to say there is no direct tie-in; no formal channel of tie-in. The Federal Government's representatives on many international bodies are drawn, insofar as agriculture is concerned, from the Federal Department of Agriculture. In many cases, however, the Federal Department takes as co-partners to these meetings provincial representatives, if it is a subject which has a particular interest in a particular area.

There are a great number of international bodies that co-ordinate agriculture policy. Let us take a very simple example, Codex Alimentarius, which is simply the international body whose sole function is to try to draw together what might loosely be called the grade standards of the advanced countries of the world. So that, shall I say, our Canada fancy apple has a grade that our people know is equivalent, let us say, in France, in England and in other countries. We have people who meet constantly—and I use the term ‘constantly’ advisedly—with such groups to arrive at what they call equivalents between grades. They do not, of necessity, have the same grades, but the top grade and the second grade and the third grade are essentially the same.

In other words, the various countries are well aware of what they mean by their grades. This, of course, facilitates greatly the movement of our product into international trade.

The CHAIRMAN: Before we have any more questions, I want the Committee to excuse my oversight in not properly introducing the officials who are before the Committee today.

First of all, I think you are all aware of who the gentleman on my immediate right is, Mr. Williams. In case some of you do not, he is Assistant Deputy Minister, Production and Marketing, and Chairman of the Agriculture Stabilization Board. Next to him, is Mr. C. R. Phillips, Director General, Production and Marketing. Next to Mr. Phillips is Mr. J. C. Moffatt, Director of Administration, Production and Marketing. Next to him is Mr. J. S. Parker, Director, General Administration and, on the far right, is Mr. W. R. Bird, Director of Crop Insurance.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Further to this grading, are the same standards carried out on the grades of wheat in all the wheat-exporting countries in the world?

Mr. WILLIAMS: No, and I would mislead you, sir, if I left you with the impression that the same standards are used for fruit or vegetables, either, or any of these things. The effort at the present time is to equate the grades against each other; to know which fit the most closely and, where there is a major trade pattern, try to bring them closer together. But nobody, at the present time, has overall standards that are identical. That is, no countries.

For example, the United States grades and ours in many respects are almost identical—their egg grades, their apple grades and things of that nature. The difference is that they have different names and there may be some minor differences but these are relatively slight.

This is not true, for example, of meat grades between Canada and Europe. There are very wide differences in the beef grades, where these exist in some of these other countries. Our grades in North America are miles apart from European grades.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I take it, then, Mr. Williams, that if we take the example of the Argentine or Australia, there is no way we can compare the export price of No. 2 wheat from Canada and its

equivalent in these two countries to see if we are getting close to the same price of the comparative grades in the various countries? This is really what I was trying to determine.

Mr. WILLIAMS: I think I would say this, sir, the Board of Grain Commissioners and the Wheat Board are quite capable of comparing these grades. They are familiar enough with these grades to know.

Incidentally, this Codex Alimentarius to which I have referred, does not cover the cereal grains.

Mr. SCHREYER: Mr. Williams makes reference to the existence of grade differentials and discrepancies regarding names and so on. I would like to ask if there is any determined effort between agricultural officials of various countries towards reducing or eliminating these differentials.

Mr. WILLIAMS: Yes, very definitely so. At the present time this is one of the functions of the Codex Alimentarius, which is an international organisation of which we are members and to which we contribute.

Mr. SCHREYER: Would you say, sir, there has been any impressive success, to this end, in the last few years?

Mr. WILLIAMS: I would think that the greatest degree of success has been in the fruit and vegetable and dairy products areas.

Mr. HERRIDGE: They are very co-operative industries, all over the world.

Mr. ROXBURGH: Yes, well done, my friend.

Mr. WILLIAMS: And very significant advances have been made in these areas.

Mr. JORGENSEN: I was wondering if Mr. Williams could tell us whether there have been any substantial changes in the methods of grading within this country. Consumer demand changes and particularly this applies to poultry and livestock. We find that consumers demand less of the fatty quantities in beef products and more of the high protein foods.

Are your grading standards changing so that you take into consideration the needs of the consumer or are we maintaining the same kind of standards that were maintained, say, 20 or 30 years ago? Has there been any significant effort to change?

Mr. WILLIAMS: To answer your question, Mr. Jorgenson, the categorical answer is 'Yes'.

Mr. JORGENSEN: Can you give me some examples?

Mr. WILLIAMS: I would cite as an example that we have made major changes within recent years in the fat covering requirements in the poultry grades. This was necessary in order to cover consumer demand and to cover production changes.

I think you will appreciate that the Department of Agriculture is agriculturally oriented towards the producer and, obviously, it is very much in the



interests of the producer to supply the consumer with what the consumer wants, because there is no point in our having grades that will not move the product into markets.

Mr. JORGENSEN: This is just my point. It seems to me that, in many instances we are, by our grading standards, encouraging producers to produce something that is not in demand. I find quite often that farmers are encouraged to put more fat on an animal and then, when he gets it to market, he finds that he is not being given the premium price because there is too much fat on it and I wondered if any changes had been made or any premiums had been offered. I realise this is true in the case of pork but I was thinking more particularly of poultry.

Mr. WILLIAMS: There are no premiums and I know of none that have been offered by the department to the poultry industry, or to poultry producers. That is to say, quality premiums such as the hog premium, which I presume you are referring to.

One change that I might mention was the change in the beef grading regulations among the lines that you have mentioned where overfat carcasses no longer could go into the red bracket. Hogs is a somewhat different problem. The hog, as it is graded, does not, of necessity, appear before the consumer in that manner, so far as fat covering is concerned. The other products, such as poultry and beef, in general, are not trimmed before they reach the consumer. The hog is trimmed before it does reach the consumer and therefore the grades, as applied to the carcass, may not apply to the same extent when that animal reaches the consumer.

A Grade B hog, and this is a matter of continuing concern to the department, I can assure you, properly trimmed, will put a loin of pork on the market that presumably is equivalent to that from a Grade A hog, insofar as fat covering is concerned.

Mr. JORGENSEN: The result, here, is that although a farmer has made the mistake of putting slightly more fat on his hog than is required, he is penalized by getting a lower grade for that and not in proportion to what it costs to strip that fat off that loin of pork.

Mr. WILLIAMS: I would not want to enter into discussion on whether or not he is getting a fair value for his hogs. It presumably is what the market will return for it. I think, in addition to what it costs for stripping the fat off, there is the fact that the fat that is stripped off is worth a great deal less than the lean meat. I cannot quote the figures here but there is a wide range in the amount of trimming between Grade A hogs and Grade B hogs in tests that have been conducted in Canada.

Mr. JORGENSEN: Are there such figures available?

Mr. WILLIAMS: Yes, such figures are available and, if you wish, we could provide them.

Mr. HERRIDGE: Mr. Chairman, I was very interested in something Mr. Williams said. I just have two questions to ask. Would he say—and I understand

this applies particularly to meat products—that the great difficulty in getting uniformity of grading results from the eating habits of the persons in the country concerned?

The second question is, is there a worldwide tendency to desire lighter carcasses? I remember, when I was a boy, we used to put 500 lb. hogs on the market, dressed. They would not be very acceptable today.

Mr. WILLIAMS: In answer to your first question, there is no doubt in my mind that the difference in grade standards for meat, particularly in the beef and veal area, but more so in the beef, is largely associated with the eating habits. The type of beef animal that brings a premium price in Europe would not bring a premium price in this country.

In respect to the latter, I think I would be only able to give you a matter of opinion on whether there is a demand for a lighter animal or whether the economies of production associated with the producing of the lighter animal have brought about these changes.

In general, lighter animals are more competitive in terms of feed conversion. The rate of feed conversion with beef, with hogs, with poultry—that is to say, the number of pounds of feed required to put on a pound of gain—goes up very sharply as the weight of the animal or bird increases. So there is some compunction on the part of producers to market at lighter weights. I think it is a case of where the demand started competitively.

I think you all appreciate that, depending upon the type of animal, this compunction or increased efficiency in marketing in lighter weights depends very largely on the cost of your original unit. If it was a chick it costs very little in terms of the final product at which this broiler or roaster is marketed. If it was a 1100 pound steer and you bought a 900 lb feeder, your initial unit costs you a great deal in comparison with the total value of the animal when it was finished.

Mr. FORBES: Mr. Chairman, I am not quite certain whether or not this is the fountain of discussion at which to ask my question, but it seems Mr. Williams, as head of the Stabilization Board, has been replying to questions. I would like to ask him, in view of the fact that we have a floor price on cattle, how do you put this floor price into effect and who determines when cattle have reached the floor?

Mr. WILLIAMS: The Agricultural Stabilization Act states that cattle must be supported at 80 per cent of the base price or 10 year average. Each year the Board calculates that 80 per cent and records it. This is a mandatory product and it must be supported at this level. In this country we are, then, in the very fortunate position that the price of cattle has never fallen below this level. We calculate the price through what is known as our Markets Information Section who maintain, on a daily and a weekly basis, the trading prices for steers at all the major markets across Canada.

Were the price to fall to the support level, the Board would have to make a decision on how it would support the price of steers. There are many ways

available to it. It could be by a deficiency payment, it could be by offer to purchase or it could be by a direct payment to producers marketing these animals.

Mr. JORGENSEN: Mr. Chairman, may I raise a point of order here? We are wandering again and I think we are going to find ourselves in extreme difficulty if we jump about from one section to the other. Now, the Agriculture Stabilization Board is an item which appears just a little bit later on this statement that we have received.

I suggest that, in order to preserve continuity, we deal with one subject at a time because, otherwise, you are going to find, after the Minutes of this meeting have been recorded, that you will have to attempt to locate these statements that have been made and the answers that have been given to questions, and it would be much easier to look for them if they are dealt with in the order in which they appear, rather than wandering about from one to the other.

Mr. FORBES: Mr. Chairman, I apologize but you will recall that I asked whether this was the right point in the proceedings for me to ask my question. I will concede to Mr. Jorgenson's request but when we come back to this item again, I have a number of further questions to ask.

The CHAIRMAN: Thank you, Mr. Forbes. I think Mr. Jorgenson's suggestion is well taken and we should try and follow the script as closely as we can.

Mr. FAULKNER: Mr. Chairman, where would you say we are, in terms of that?

The CHAIRMAN: We are on the Production and Marketing Branch. Now, there is Livestock Division, Poultry Division, Dairy Division and Fruit and Vegetable Division.

Mr. FAULKNER: I will hold my question till we get to page 4.

Mr. JORGENSEN: The grading of agricultural products was the item we were dealing with.

The CHAIRMAN: We are not dealing exactly with the specifics of it; it is a generalization as far as I am concerned here now, on these items. And, as Mr. Jorgenson says, I think it would be wise if we could follow this grading of agricultural products. It covers such a wide area that it would certainly give you a lot of room for questions concerning these products. I know that, as Chairman, I have some questions I would like to ask concerning fruit and vegetables.

Mr. CLERMONT: On the grading of butter, how many inspectors do you have in Quebec? It shows here at page 2 that the butter is graded in 56-pound boxes. Is it graded in the factory?

The CHAIRMAN: They have found the page, Mr. Clermont, and are checking the figures to give you an answer.

Mr. WILLIAMS: I am afraid we cannot, with the data we have here, break it down into specific products but we have 47 Dairy Division graders and



inspectors in the province of Quebec. But these will grade cheese and butter as well. It is not possible to figure just cheese graders or just butter graders.

Mr. CLERMONT: In Quebec it will be mostly butter. Do we produce much cheese in Quebec?

Mr. WILLIAMS: Yes, cheese.

Mr. CLERMONT: I know, in some districts, but in others not at all. But is it graded at the factory?

Mr. WILLIAMS: The butter?

Mr. CLERMONT: Yes.

Mr. WILLIAMS: The procedure followed with butter is that the samples are sent to a central point for grading.

Mr. CLERMONT: When we speak about grading, do your inspectors test, too, or only grade?

Mr. WILLIAMS: They both grade and inspect the butter. A churn or a churning of butter is sampled by the factory and is sent to a central grading area. In addition to that, our inspectors do what we call administrative inspections, that is to say, they pick up butter samples at all levels of the trade and see if they have the correct grade marked on them, whether these be pound packs or whether these be 56-pound boxes or whatever they may be. We do it at all levels.

Mr. CLERMONT: Thank you.

Mr. MATTE: Is all our dairy butter inspected?

Mr. WILLIAMS: It depends upon the provincial regulations. If grading for intra-provincial use—that is to say, for use within the province—is compulsory insofar as the province is concerned, we grade all the butter. If it is not, we only grade that portion that moves intra-provincially.

Other than that, we have what is known as our Retail Inspection Section and this is in certain provinces that have requested it. We have retail inspectors and these people do not grade but they inspect and place under detention products appearing in retail outlets that do not meet the retail standards marked on it.

I think you gentlemen will all appreciate that an agricultural product once established in a grade does not, of necessity, remain in that grade. It is not the same as grading a car or something of that nature. A bag of potatoes graded in the Maritimes may have changed grade by the time it reaches a Supermarket in Ottawa or, rather, the contents of it may have changed grade. A pound of butter may change grade, so we have to continue inspections at all levels of the trade. A pound of butter can pick up odours. It can have surface taint, deterioration—all kinds of things. It will not change, in all probability in respect to its composition. We have composition standards but then we have quality standards as well.

Mr. ROXBURGH: Where are those inspectors and where do they work when a product is coming from one province to another or from the United States to Canada? As you have stated, the grade may change, and I am thinking of fruits, in this particular instance.

Mr. WILLIAMS: That is a very difficult question to answer, Mr. Roxburgh. It depends so much on the commodity about which we are talking. In general, it is inspected at the wholesale level when it arrives in this country. But it may be subject to inspection later on at various levels, through our Retail Inspection Division.

Mr. ROXBURGH: Then, what check back is there? Who is responsible in the final run? For example, if it does not come up to standards and qualifications and we say it is fruit in the A. & P. Stores, you do make another check if you have had a complaint? I am not thinking about local people because I know that complaints go back to the local grower because his name is on the basket. I am thinking of fruit that has been brought in from another province or from a State in the United States. Who, then, is responsible for that to the people who buy the fruit?

Mr. WILLIAMS: Once again, it depends a little bit. I think if I gave an example it might possibly be the best thing. Let us say that somebody bought a car load of potatoes from the United States and they were sold to him as Canada No. 1. He could have them inspected by us on arrival. If they were in a province that required it, they would be inspected, anyway. If they did not meet Canada No. 1 standards, it would be up to him, through whatever means he saw fit, to enforce his contract with the shipper. We do not enter into the commercial aspects of this transaction.

Mr. ROXBURGH: But I know of a number of cases and I know that you do also, where the inspecting of the car either has been poor or something has happened and the car load of fruit is actually not Canada No. 1. It eventually gets on the market. So the housewife buys a basket of whatever it may be and it certainly is not up to qualifications at all; what happens in a case like that?

Mr. WILLIAMS: If our inspectors discover it at any level, they place it under detention and it has to be re-grated before it can be offered for sale again. Obviously, if our inspectors do not catch it, we get a letter from the housewife and we try to remedy the complaint and see it does not happen again.

Mr. ROXBURGH: Do you feel you have enough inspectors?

Mr. WILLIAMS: Well, let us put it this way, Mr. Roxburgh, we nearly always ask for more each year. We nearly always get more each year.

Mr. RICARD: May I ask some kind of question on this?

The CHAIRMAN: Is yours, Mr. Ricard, on the same subject, concerning fruit and vegetables?

Mr. RICARD: I just want to follow up this question about the number of inspectors with a question about the quality of inspectors. How are inspectors

appointed? What consideration is given? Are there standards set and, if so, what are these standards in making your appointment of inspectors?

Mr. WILLIAMS: Inspectors are Civil Service positions and there are standards written down for the positions throughout all the divisions. There are different standards, depending upon the commodity.

Mr. RICARD: Are they appointed by competitive examination?

Mr. WILLIAMS: By competitive examination, yes.

Mr. RICARD: So any inspector in the province of Ontario would have obtained his position by having written a competitive examination and having been chosen by the Civil Service Commission in Ottawa or its comparable body in Ontario, if there is such a thing?

Mr. WILLIAMS: It might not be a written examination. It would be an examination of his competence by a Board of some type. It would be a Civil Service Board, whether it was constituted by the Civil Service itself or, if not by the department. This is if he is a Federal inspector. If he is a provincial inspector it would have to pass the Ontario Civil Service Commission.

The sole exception to this is that from time to time we employ what we call casual inspectors. We have a few casual positions in nearly all of our divisions. They provide for severe overloads. These people may be hired for a month or two months and are selected locally, not by Civil Service competition and they are hired for six months.

In general, they are helpers rather than inspectors and very often, through their casual employment, become qualified and, later, do enter the Civil Service itself, as an inspector.

The CHAIRMAN: But, Mr. Williams, if they are hired under casual positions they would have to have the requisite knowledge?

Mr. WILLIAMS: Yes, they are all examined for this purpose by a Board of some type.

Mr. DANFORTH: May I ask a supplementary question? Something that is of great concern to me, as far as the consumer is concerned, and this is from personal observation and a knowledge of having been a part of the industry is hothouse cucumbers.

Now, the housewife goes into a Supermarket to buy hothouse cucumber and they are generally in a bin or a tray on display—at a price. Now, this price is based, generally, on No. 1 product, but just a casual observation will show that not only are there No. 1 but also No. 2 and No. 3 products in the same bin at the same price. Now, obviously, one of two things has taken place; either a very substandard product has been purchased by the establishment, passing under a No. 1 grade, in direct violation to the grade standard or, secondly, the establishment itself deliberately mixed three different grades together and is pricing them at a No. 1 grade, therefore deriving a very much higher mark-up on this particular article.



What can be done in a case of this kind? Because the housewife is paying a premium price for a substandard article. What procedure can be followed? This can be very commonly observed in just a cursory travel around the super-markets.

Mr. WILLIAMS: Once again, we run into the problem that, I suppose, all enforcement agencies have and that is, even though the regulations may say no product can move within the province that does not meet certain grade standards, it is entirely possible for somebody at the terminal end of a movement to mix one or more grades together.

I think it will be appreciated that it would be virtually impossible for the department, other than on a spot basis, to police this completely, any more than the police forces of this land do any more than sample the number of people caught speeding or parking in the wrong places. We do it on a sampling basis and if the standards do not represent an intra-provincial movement and the province does have legislation, we will place them under detention and force them to re-grade them, even forcing them to return them back to the original.

I will not say that it works perfectly. I know quite well it does not work perfectly, but it certainly is a deterrent.

Mr. DANFORTH: I am dealing here strictly with the principle involved. May I ask if there are provisions under the Act and under the administration that guard the consumers' interests when something like this is taking place? In other words, when a consumer runs into something like this where there are cucumbers offered for sale, for example, and there are three specific grades there, or worse. In some instances there are culls involved.

Is there any protection or is there any violation where this takes place? A primary producer is compelled, under the law, to carefully grade and select and designate his product and then, at the other end, is it possible for the retailer to just take and put them back together again or offer them for sale as a grade A product? Or must they be designated as No. 1 or No. 2? This is my enquiry; is there a protection or is there a violation if this is taking place?

Mr. JORGENSEN: Mr. Chairman, just before Mr. Williams answers that, I would just like to ask a supplementary so that he can answer them both together. What would be the course of action that a consumer could take if he found there was a violation of the Act? Just what could a consumer do? To whom could he go? To whom would he report it?

Mr. WILLIAMS: It depends on what the violation was. If a product originated within the province and terminated in a store within the province, it would depend upon the province's legislation. In the province of Ontario, for example, they say that no product—and I am talking about fruit and vegetables now—can be displayed for sale without a grade marking. So, if it was in a province that required that, and if it was displayed with a grade marking, and if the grade marking was incorrect, the law provides for penalties for incorrect marking and also provides for our people putting them under detention and forcing them to re-grade them.

Mr. JORGENSEN: It also requires that proof be offered, does it not? And how does one obtain that?

Mr. WILLIAMS: A consumer, of course, who was in that position, would have to call on our Retail inspection people, who could go round and provide the necessary evidence. We get calls of this nature, certainly, and we send our people to investigate.

However, irrespective of whether it originated in the province or not, if it displays a national grade, that is to say, if a fellow says, "This is Canada No. 1", if it does not meet those standards, he is committing an offence under the Act, no matter where it originated. But there is nothing in our Act that says that he has to say the produce has a grade. This is provincial legislation, not federal legislation. All our Act says is that if it does show a federal grade it must meet the federal standards. He cannot use our trade names, in other words, or our national grade names, unless they meet our national standards.

Mr. HERRIDGE: I would just like to ask a supplementary question of Mr. Danforth. For the protection of the consumer, when he notices the violations of the Standards Act, has he ever reported these to the authorities concerned with inspection?

Mr. DANFORTH: Pardon?

Mr. HERRIDGE: When you have noticed these violations of the Grade Standards Act, to the disadvantage of the consumer, have you, yourself, ever reported these violations to the inspectors concerned?

Mr. DANFORTH: No, I never reported it to the inspectors but I did report it to the people who were responsible for the packaging and who had to take the responsibility for the grading.

The CHAIRMAN: I would think, in a lot of cases, by the time a consumer reported this to the officials concerned, by letter or any other means of communication, that it would be a dead issue by the time people were aware of it.

Mr. HERRIDGE: Mr. Chairman, I challenge that. I reported some apples in a store down here and the inspectors were down there within an hour.

Mr. WILLIAMS: Thank you, Mr. Herridge.

The CHAIRMAN: Because you are one who is so familiar with the laws of this country and the sources of protection, as a consumer, you are probably only one out of many millions who would know enough to do this. The officials in Ottawa, being very cautious on anything Mr. Herridge makes representations about, would be quick to act.

I have one question, to follow this up. It says here:

In the case of fruit and vegetables and poultry products the grading is done by the commercial interests handling the products.

What does that mean?

Mr. WILLIAMS: We do not grade fruit and vegetables and poultry per se; we inspect. The people who put up the pack decide what grade it is going to be and what label is going to be on it and we provide an inspection service to see that it does meet the standards of the grade name that they put on the package.

The CHAIRMAN: Another question that I have concerning imported fruit and vegetables is this and Mr. Roxburgh touched on it. Last year, in the Food and Drugs Committee, we were very concerned with insecticides and pesticides. In Canada most of our fruit and vegetables are under strict control regarding what we can use to control fungi and insects by way of different sprays. On imported fruit and vegetables from other countries and the United States, what protection is there to the consumer of these products? We know there are other countries which do not follow regulations as strictly as we do in Canada, regarding spraying and controls.

Mr. WILLIAMS: I wonder if Mr. Phillips might answer that question for you.

Mr. PHILLIPS: Insofar as pesticide residues are concerned, this is checked by the Food and Drugs Directorate of the National Health and Welfare Department.

The CHAIRMAN: You say it is checked. How is it checked? I remember when we questioned the Food and Drug people who were before us and we suggested that at border entering points they set up facilities whereby fruit and vegetables could be checked when coming into the country, they said this was not done.

Mr. PHILLIPS: Insofar as I am aware, they do check, because there have been cases that were stopped at the border when residues were found in excess of the permitted level under the Food and Drugs Act.

The CHAIRMAN: And Mr. Danforth was talking about cucumbers. Probably Mr. Danforth is aware of how the price of cucumbers in Canada was built by the importation of cucumbers from another country at a very low price. The quality did not anywhere near match ours and I would not doubt that these were some of the ones he was talking about. What grades they ever passed, I do not know, because they were simply inferior.

How do we control this type of import to protect the consumer? These were an inferior product brought from another country and put on the market. In order to grow the same product in Canada, we are subjected to the type of spraying we have to use in order to protect the consumer and the product. But we know that in some of these other countries where these products are being bought they are not subjected to these rules, as we are in Canada. Is there any way in which you control this?

Mr. WILLIAMS: If you are talking about pesticides the answer is 'No'. The Department of Agriculture does not include, in its grading standards, contaminants, irrespective of what they might be, other than if it was an obvious coating that would affect the appearance of an apple, for example. Anything



of that nature would obviously not meet our grade standards. Or if it had dirt on it or something of that nature. But, insofar as pesticides are concerned, our grade standards do not provide standards for contamination by pesticides.

The CHAIRMAN: I just have one other question. This concerns imported tomatoes and processed tomatoes. I recently had some tested by the department. I took two cans off the shelf that were processed by a Canadian processor and two cans that were imported from a European country. The European produce was ten cents a can more expensive but the tests barely allowed it to pass whereas we call No. 2, whereas the Canadian product was excellent in every way. The solids were about 12-15 per cent less in the European cans than in the Canadian cans. Are there any regulations on this type of import to protect the consumer and ensure that he is actually getting value for money?

Mr. WILLIAMS: The regulations that we have are related to the grade. If they use our grade, it must meet our standards and we enforce that. But we do not, in all products, say that only certain grades can be imported into this country, any more than other countries say that only certain grades can be imported into their countries.

Mr. DANFORTH: May I ask a supplementary question?

The CHAIRMAN: Yes.

Mr. DANFORTH: On the matter of this grading, and it follows along the matter I brought up, Mr. Williams spoke of spot-checking. Do we have, in the major cities or in the major markets, regular checks on the produce department such as meat and dairy and vegetables, in these tremendous discount establishments that we have today? Are such checks made on the consumers' behalf or is it left to their complaints? What is the procedure in this case?

Mr. WILLIAMS: In all major centres, other than in the province of Quebec we have regular retail inspections. I think there could be some argument as to which are the major centres but, certainly, in all the metropolitan centres, we have regular checks. Their objective is to call on every store an average of four times a year, irrespective of its size. This is what our staffing standards are at the present time.

Now, I think you will appreciate that in any enforcement organization it does not work out that way. The people themselves know where the misdemeanours are being committed and instead of calling on a store that they know is always good, they may call 12 or 15 times on the ones that are bad. Or they may call even more often, if necessary, until they have straightened them up.

We are now making plans, at the request of the Quebec Department of Agriculture, to provide retail inspection in the province of Quebec, in the metropolitan centres there.

Mr. DANFORTH: In other words, would a large grocery outlet, here in the city of Ottawa, for example, have any indication of when an inspector might be expected to call? Could there be violations in between visits if the visi-

of the inspector were of such regularity as to be anticipated. Or are these routes varied to such a degree that there can be no possibility of welcoming an inspector and having top grade produce in every department?

Mr. WILLIAMS: If our system works, it certainly could not. We change our frequency of visits, we change our inspectors around, giving them different areas so that they do not develop relationships that we would not favour. I would not gainsay the fact that what you have suggested may happen. We do our best to prevent it by setting up schedules which the man himself has to follow, rather than he being the one who determines what schedule he will follow.

Mr. SCHREYER: I would like to ask Mr. Williams if he considers it desirable or feasible or even necessary to include, in the grading standards, the contaminants or residue factors that he referred to? I know this is a policy question.

Mr. WILLIAMS: I do not think I would want to give my opinion on it but I would say this, that were the department to include it I am sure there would be a great deal of duplication of effort, because the Food and Drugs Administration covers a great many products that the department does not cover.

Mr. SCHREYER: Yes. Thank you.

Mr. RICARD: Am I right in presuming that there is a mixed or shared responsibility with regard to the grading of butter and cheese, as well by the federal and provincial governments?

Mr. WILLIAMS: Once again we get into the area, Mr. Ricard, of what province you are in. In the province of Quebec, that is correct. But, in general, across Canada the provinces accept responsibility for the standards of the plants and of the raw product because it obviously, in most cases, originates with the province.

In other words, let us take the dairy industry where milk grading and cream grading is strictly a provincial responsibility, right across Canada. We have no milk graders, we have no cream graders in the Federal Government. But because the product of this very often moves inter-provincially, we do have federal standards for butter, cheese, skimmed milk powder—most of the products other than some of the branded products, such as evaporated milk or things of that nature where we have basic standards but not grades.

In most provinces the federal standards have been accepted and have been adopted by the province as the provincial standard, in which case we enforce within the province.

Mr. RICARD: Suppose there was a lack of agreement between the inspectors from the provincial government and the federal government; who would have the final responsibility? You say that in all other provinces but the province of Quebec, it is accepted. Would you give me the reason why the province of Quebec has not agreed to that?

Mr. WILLIAMS: I was talking about retail inspection, Mr. Ricard, and they now have agreed and we are providing staff at the present time, to move into the retail inspection there.

In the case of two people inspecting the same product and coming to disagreement, I am not at all sure who would win. I suspect it would depend very much on what jurisdiction it was under. Actually, to my knowledge, this very seldom happens. What does happen and which sometimes does cause a slight amount of difficulty is that possibly a federal or provincial grader may grade a product at one place, we will say the shipping point, and somebody else grade it at its destination at the request of the receiver. And there may be a difference of opinion there.

We have in the department, under our Fruit and Vegetables Division, Board of Arbitration, consisting of departmental and industry people who endeavour to settle such disputes.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I wonder if, at this point in the proceedings, we could discuss the type of pressures available through the Department of Agriculture on the Tariff Board when it is a question of the Americans, for example, retaliating against Canadian imports? I will give you an example.

The CHAIRMAN: We are discussing grading now. We have agreed that we are going to continue on this line of operation. We are on tariffs, if I understood what you said here.

Mr. ROXBURGH: Mr. Chairman, we have had enough grading, right now. There have been quite a lot of questions.

The CHAIRMAN: There have been a lot of people put their hands up for questions yet.

Mr. HERRIDGE: Do not be impatient, Mr. Roxburgh.

Mr. ROXBURGH: No, I am not.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I will wait until the appropriate time. However, I thought we were discussing a few minutes ago the import of fruit and vegetables.

The CHAIRMAN: We are talking about the grades of these fruit and vegetables.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I will keep my question, then.

The CHAIRMAN: All right. Next is Mr. Godin.

Mr. DANFORTH: Mr. Chairman, I thought the meeting was going to adjourn at 12.30. That was our understanding.

The CHAIRMAN: I thought it was 1 o'clock. Two hours was our agreed time for meetings and we called this meeting at 11.00. This is what the steering committee recommended, earlier, and the Committee adopted.

Mr. DANFORTH: Well, I am sorry, Mr. Chairman, we were not aware of that and we have already contracted another meeting at 12.30. We must apologize but we must leave.



The CHAIRMAN: It is in our subcommittee's report to the Committee and is one of the first recommendations that we made, that our meetings would be of two hours' duration.

Mr. DANFORTH: Then perhaps, Mr. Chairman, you would not see us leave.

The CHAIRMAN: I cannot see at all Mr. Godin.

*Translation)*

Mr. GODIN: There is one thing that I find abnormal in the province of Quebec in the case of poultry, all packing plants are not controlled by the federal government and many small packing plants have taken advantage of this fact to kill sick birds and this is getting so serious that the producers know about this and they are sending these sick birds to those packing plants which are not inspected. This becomes a very grave danger, because leukemia is cancer.

The CHAIRMAN: I do not want to stop you, Mr. Godin, but this comes under another vote, that of Health of Animals. It comes under another section and will be discussed at length at that time, when we come to it.

Mr. GAUTHIER: With regard to inspection of fruit and vegetables and following Mr. Ricard's question, I heard Mr. Williams say that the federal government carries out inspection in most of the great cities of Canada, except in Quebec. I would like to know, from Mr. Williams if he could explain why, first all, Quebec never asks federal government inspection assistance in some of our cities; and secondly, because of this lack, could not some cities ask the federal government to intervene, even if Quebec has never requested this assistance, according to Mr. Williams? Could the municipalities ask the federal government for help in certain circumstances or ask them to carry out inspection in these cities?

Mr. WILLIAMS: Well, I would not want to express an opinion regarding why the province of Quebec has not asked previously. But I did say that they now have asked and we will be providing this retail inspection. You enquired whether the municipality itself could ask for this inspection.

The basic problem, here, is legislative basis. We will only inspect if our grades are the required grades in the province or in the area. We cannot inspect for somebody else's grades. If they say, by law, in the province that the Dominion of Canada's grades for butter, for example, are the provincial grades, then we move in and we inspect. But we cannot, if they have different standards and they call it a different grade name.

Insofar as fruit and vegetables are concerned in the province of Quebec, Mr. Phillips was at a meeting in Montreal on Friday of last week, at which arrangements were made for stepping-up inspection. At the present time we do provide inspection for fruit and vegetables within the province of Quebec but largely for those moving into export because we, ourselves, can require that they meet our grades if they are moving into export or inter-provincially.

Mr. GAUTHIER: It is not the same case for export from the province of Quebec.

Mr. WILLIAMS: Exports from the province of Quebec or any other province are treated identically. This is federal legislation and the same treatment is given, irrespective of the province. I am only saying that a product, which is produced within the province and sold within the province, is one over which we cannot have jurisdiction unless the province passes legislation making out grades their grades and asks us to enforce it. We can then enforce it because our law says that nobody can put our grade on a product unless it meets our grade standards.

Incidentally, Quebec has just passed legislation in respect of this and we are now moving into this area.

Mr. GAUTHIER: Has this new legislation been adopted just recently?

Mr. PHILLIPS: It was adopted just recently and has not been published as yet, but is expected to be in the next week or so.

Mr. FAULKNER: Are you done, Mr. Gauthier?

Mr. GAUTHIER: Yes, thank you.

Mr. FAULKNER: Is it possible to get onto Dairy Products Division?

(English)

The CHAIRMAN: Mr. Herridge has a question here.

Mr. HERRIDGE: I want to say this has been a most interesting discussion and, I am sure, quite informative to the Committee. It is obvious that the inspection laws or regulations require the co-operation of the public, in general, if they are going to be effective.

I would like to ask Mr. Williams this question: has the work of the departments, its inspectors and what it is trying to do, been brought to the attention of, say, an organization like the Canadian Consumers' Association and has their co-operation been solicited to bring any violations to the attention of federal authorities, in this case, and provincial authorities under the proper circumstances?

Mr. WILLIAMS: We have, Mr. Herridge, within this branch, at least—which is what we are discussing at the present time—as well as the divisions, Consumers Section, one of whose functions is, in essence, to give department grades and departmental operations in the production and marketing field to the consumer flavour. They have people who, among other functions, go round the country doing publicity work, meeting with groups and telling them about these things. We put out a publication, for example, "Bye Bye Grade", which explains to the consumer all these grades and what they mean to her and what the intent of the whole operation is. So there is very close liaison between not only the Canadian Consumers' Association but all types of organizations. In particular, our consumer section does a great deal of work with the various Farm Institute people throughout the country.

Mr. HERRIDGE: Thank you. Could the Committee get a copy of the pamphlet?

Mr. WILLIAMS: Most certainly.

Mr. HERRIDGE: Thank you.

Mr. MUIR: Mr. Chairman, I would like to ask a supplementary to Mr. Gauthier's question, if I might?

The CHAIRMAN: Well, if it is a real supplementary.

Mr. MUIR: It is a supplementary. I just want to clear up something in connection with the export of Quebec butter to other provinces.

I am wondering how this is handled. Does the shipper request Canada No. 1 grade on his butter and then you inspect it? Or how do you know that Quebec butter that comes into other provinces is being graded to your standards?

Mr. WILLIAMS: Butter is a very simple commodity on which to answer such a question, because of our support programme. The Agricultural Stabilization Board buys essentially all the butter that is not just used locally and moves it around the country. And our buying standards are that we will not buy anything that is not Canada first grade and we will not buy anything that our own inspectors do not actually grade.

So far as butter is concerned, there might be a very limited movement right here, between Hull and Ottawa. In other words, there might be some very minor amounts transported, but any major inter-provincial transactions in butter would be through the Stabilization Board, not through private trade.

Mr. MUIR: Does that apply to cheese as well?

Mr. WILLIAMS: No, it would not apply to cheese.

Mr. JORGENSEN: The thing that puzzles me is how Mr. Williams can hack his way through this jungle of mixed authority. I was wondering if there was some possibility that a central grading authority could be set up to administer grades all across Canada.

Mr. WILLIAMS: Well, I would think our major problem would be, Mr. Jorgenson, the British North America Act. I might say remarkable progress has been made in this. Poultry products is the outstanding example. Almost without exception, the national grades are the provincial grades, right across Canada.

The major factor, here, is whether it is a commodity that the chain stores buy in any quantity. If they do, they insist on the national grades, because a chain store that buys it in Quebec is likely to move it any place and it cannot, in general, cross boundaries unless it is graded. So this has done a great deal towards ensuring that we do have pretty well uniform standards right across Canada.

Mr. FAULKNER: Is it all right now to get on to Dairy Products Division?

The CHAIRMAN: Well, I think Mr. Grills has a question. Is yours on grades, Mr. Grills?

Mr. GRILLS: I have heard a lot about inspectors here. From my own personal experience, I think there is a very good job of inspecting done. I am not complaining about it and, as one who is in the dairy business, I know an inspector comes in and takes a pound of butter at random and tests it for moisture and grade and to whether it is up to standard. I do not know how often he comes but I know it would be three or four times a year at least. Another man



comes in and takes maybe 25 cartons of eggs and checks them and reports his findings to us. If he finds anything wrong, he reports that. Likewise with milk and butter fat tests—and this is Food and Drug again. The butter fat content of chocolate milk must be two per cent and so on.

I am just speaking from my own experience and I think, generally speaking, it is pretty well covered. I am not objecting to it. I think the consumer is well protected in the dairy line, as far as I can see.

The CHAIRMAN: Mr. Faulkner, I do not know what you mean by the Dairy Products Division.

Mr. FAULKNER: That section is on page 4 of the brief.

The CHAIRMAN: We are not near that part yet. We have Market Information, Livestock Division, and we have Mr. Clermont.

Mr. FAULKNER: Are you saying we are still on page 1 after two hours?

The CHAIRMAN: We are on page 3 now.

Mr. FAULKNER: No wonder it is so slow.

Mr. CLERMONT: You say in some cases the provinces will designate federal inspectors. Does Mr. Williams have any names of provinces that are using federal inspectors?

The CHAIRMAN: I did not get your question, Mr. Clermont.

Mr. CLERMONT: Page 3 paragraph 2 states that some provinces will designate federal inspectors to police or inspect.

Mr. WILLIAMS: I think that if we took it across all the commodities I think we would find that every province has, in some area or other, some type of inspection or other by designated federal inspectors under their Act.

Mr. CLERMONT: Including the province of Quebec?

Mr. WILLIAMS: I am afraid I could not answer that, categorically, but I believe their new legislation in respect of the dairy products does this.

Mr. CLERMONT: Thank you.

Mr. MATTE: They will be, at least under this new authority.

Mr. SCHREYER: I would ask Mr. Williams if there has been any significant federal-provincial disputation relative to grading and marketing in recent years since the time of the Nova Scotia-Prince Edward Island test cases.

Mr. WILLIAMS: You mean in the Courts?

Mr. SCHREYER: Yes, anything that would give us something in the way of criteria.

Mr. WILLIAMS: Not in recent years, I do not believe so, no. I do not believe there has been any.

Mr. SCHREYER: Since the Nova Scotia-Prince Edward Island test cases?

Mr. WILLIAMS: I can recall none.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Last fall, the Food and Drugs Directorate initiated legal proceedings against some farmers in the province of Quebec for high bacteria counts in their milk. Was this done in co-operation with the Department of Agriculture or did they just launch out on their own? I think most of the cases have been withdrawn now, because they were launched against the farmers in question without proper proof at all.

Personally, I felt that this was a completely unwarranted venture on the part of the Food and Drugs people and one in which they acted without proper proof because bacteria counts can result from a number of causes. I had quite a few arguments with them about this because I felt they were being completely unfair.

I just wondered if the Department of Agriculture had anything to do with this at all.

Mr. WILLIAMS: The Department of Agriculture would not be involved because we have no grade standards for milk itself. We have standards for the products resulting, but not for milk. I think, if anyone, it would probably have been the provincial authorities.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): No, it was the Food and Drugs Directorate.

The CHAIRMAN: Order. Are there any more questions concerning grading?

Mr. HERRIDGE: I just have one question, while we are on this item. It is not directly related to grading or inspection. It is with reference to the meetings with representatives of other countries to try and standardize grades and that sort of thing.

Have there been any meetings with respect to standardizing packaging at all?

Mr. WILLIAMS: We have had bi-lateral meetings in respect of packaging and I believe that some of the meetings of the Organization for Economic Co-operation and Development have been concerned with the subject of containers.

Mr. ROXBURGH: Relating to that, I would like to ask a question regarding inspection. We have had a lot of controversy over the years, now, about bacon inspection and grades. As I understand, recently, from the press, at one time they were to have it open so the bacon could be seen by the housewife. Now, they have decided, for I do not know what reason, that it is now only two-thirds. What is behind the principle of that and is the Department of Agriculture looking after that?

Mr. WILLIAMS: It does not come under the Department of Agriculture. This, as I understand it, is under the Food and Drugs Directorate and under a deceptive packaging or deceptive practices Act or something of that nature.

Mr. ROXBURGH: I see. The Department of Agriculture have nothing to do with that at all.

Mr. WILLIAMS: No. The Department of Agriculture, under health of animals, has certain requirements in respect to the labelling of bacon. In other words,

it must show the establishment number and things of that nature. But we do not have grade standards and we do not make any requirements in terms of the product being exposed or not exposed.

Mr. HERRIDGE: I want to say, here, that it is fortunate we remained on this item to give Mr. Roxburgh an opportunity to ask this important question.

The CHAIRMAN: Thank you, Mr. Herridge, I am sure he appreciates that.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I would like to ask Mr. Williams another question. Do you feel, Mr. Williams, that this area which is now being covered by the actions of the Food and Drug people, should be within the purview of the Department of Agriculture? Or do you prefer that they continue acting in this area?

The CHAIRMAN: That the Food and Drugs Directorate should continue to act in this area or that it should be referred to the Department of Agriculture?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Yes, that is right.

Mr. WILLIAMS: I think I would have to say this is something on which I should not express an opinion in front of this Committee.

(Translation)

Mr. MATTE: Can we be less severe in regard to inspection of the scarcer product? In other words pork inspection and grading would be less severe than if there were large quantities of pork.

(English)

The CHAIRMAN: In your inspections do you relax them when there are shortages or over-surpluses?

Mr. WILLIAMS: I know what the question is, it is the answer that troubles me. I think I would not be fair if I did not say that there have been cases where, to meet an emergency situation, there have been some official changes in the grades. But we try to emphasise, with all our grading and inspection people, that they may not do this by themselves, they must adhere to the standard, irrespective of whether a product is in a short or a long position.

Possibly I could cite an example, which was a somewhat difficult example and is in the opposite direction. I recall in one instance where potatoes were in extremely long supply and the producers and the producer organization themselves agreed that we should put in standards that temporarily were more stringent than normal. In other words, it was enforced culling. The potatoes had to be a larger size. In other words, the smallest size permitted was increased to meet a situation.

But I think the intent of your question was whether our inspectors themselves would do this. The answer is, if they do, they are not following instructions.

Mr. MUIR: Under whose directive were the packers told to stop trying to fool the public on their bacon packages?



The CHAIRMAN: The Food and Drugs Directorate.

Mr. WILLIAMS: The regulations in respect of exposing a slice of bacon are administered by the Food and Drugs Directorate of the Department of Health and Welfare.

Mr. MUIR: It had nothing to do with your department at all?

Mr. WILLIAMS: Not directly to do with us. We do, through our Health of Animals Division, have some specifications insofar as packaging is concerned. Our specifications do not, however, cover whether or not a slice of bacon is exposed to view. But, because we have some jurisdiction in this area, there has to be consultation about the type of package because the type of package has to comply with what our law requires to be shown on that package. In other words, it has to show the establishment number and things of that nature.

Mr. MUIR: They are still doing a pretty good job of covering the fat part of it, anyway. But the situation is a lot better than it was.

The CHAIRMAN: Are there any more questions on grading and inspection? Are there any questions on Markets Information?

Mr. HERRIDGE: How is that undertaken at the present time by the department, as far as the provinces and regions are concerned?

The CHAIRMAN: Markets information?

Mr. HERRIDGE: Yes, by being published and by other means of communication.

Mr. WILLIAMS: This particular Section operates a service that is both internal and external. It also provides the department with information and it also provides the trade and the producers with information.

In general, the information is obtained by our people on the spot in markets across Canada. It is reported by different means, depending upon the commodities, by telephone, telegraph, letters, and reports are compiled and information issued to various media. For example, the noon quotations on the radio comes through our Market Information Service where our people, in the various stockyards across Canada, collect this actual information.

There is something I would like to emphasise here. We are sometimes accused, under this, of setting prices. We do not set prices in any way, shape or form. We report prices and we report actual paying prices that took place on the market. How it is handled depends largely on the commodity but, in general, it is done by an officer or employee of the department making a report of a transaction or a series of transactions, all of which are compiled to give a master report.

The CHAIRMAN: Are there any further questions concerning Markets Information? Are there any questions concerning the Livestock Division?

Mr. MUIR: On this Livestock Division, I notice that you only designate the public yards for purposes of inspection. What do you do about the small private yards where purchasing of cattle and hogs takes place? You cover the larger public yards to see that ethical practices are followed but the smaller yards are not apparently covered under this Act.

Mr. WILLIAMS: That is right. In general, these are covered by provincial legislation. In general, the smaller yards do not deal inter-provincially. The ones we cover under the Act are the ones that, in general, operate on an inter-provincial basis.

Mr. MUIR: Would that explain how a small yard in Ottawa were able to sell dead cows as prime beef a couple of years ago?

The CHAIRMAN: Do you mean for use by the consumers?

Mr. MUIR: This would not be a public yard designated under the federal law and the federal Act?

Mr. WILLIAMS: No, this certainly was not a public yard, in this case.

Mr. JORGENSEN: But any abattoir could apply to be certified under the Act, could they not, and receive federal inspection if they choose to do so. As a matter of fact, as a result of this incident a couple of years ago, did not a good many of the Ontario plants apply to be registered under the federal legislation?

Mr. WILLIAMS: Yes. We are not on a slightly different subject here, but it is somewhat related. This is stockyards?

Mr. JORGENSEN: Stockyards.

Mr. WILLIAMS: These are not killing plants that we are talking about here? The Livestock Division has nothing to do with killing plants. These are terminal stockyards in Winnipeg, Montreal and so forth and the basic function of our Livestock Division there, is that it supervises the operation of the various Agents, Commission Agents, stockyard buyers, and so forth under the stockyard proprietor. We have our own Act under this—the Stockyard Act—and it ensures that the trust funds set up in these areas under the Act, are properly administered. So that, in essence, the producer has quite a good guarantee that he is going to be paid if he ships stock there. But it is not to an abbatoir, it is not to a killing plant.

The other one, I think, Mr. Jorgensen, would come under Health of Animals.

Mr. MUIR: Just one question, does this apply to these little livestock auction markets all across western Canada?

Mr. WILLIAMS: No sir, these are handled provincially.

Mr. MUIR: I want to get back again to your Stabilization Board. Is there any control or observation there with respect to the floor prices, again, taking place in these yards?

Mr. WILLIAMS: Not specifically, no.

Mr. CLERMONT: Mr. Chairman, I would like to ask a question of a general nature to Mr. Williams. I read in a report that you department is responsible for 32 or 33 pieces of legislation. Would it be possible for a member of this Committee to have copies of all that legislation? I know we can get a resumé, say, for the province of Quebec concerning farm legislation, but is it possible to get information on federal farm legislation? I know there was a red book issued in the past.

Mr. WILLIAMS: I presume you are not asking for a list or the copies; you are suggesting a résumé?

Mr. CLERMONT: Yes, that is what I had in mind.

Mr. WILLIAMS: As soon as these estimates are finished, you will have had a résumé.

Mr. CLERMONT: No, no, that is not what I meant. I read in a report that was given to us that your department is responsible for 32 or 33 pieces of farm legislation.

Mr. WILLIAMS: That is right, yes.

Mr. CLERMONT: What about supplying this Committee with a résumé of this farm legislation?

Mr. WILLIAMS: Well, this is what I think you will have finished this, sir. We could make up one. But, for example, if you turn to page 5 you will see that there are six Acts listed there under the Plant Products Division and then it goes on to explain what the Seeds Act does.

Mr. CLERMONT: But I understand that your department has such a résumé.

Mr. JORGENSEN: Mr. Chairman, I think Mr. Clermont is asking for copies of all of the Acts pertaining to farm legislation.

Mr. WILLIAMS: Oh, we can give you copies of all the Acts.

Mr. CLERMONT: We tried to get some from the library but they were short of copies.

Mr. WILLIAMS: Some of these are amended from time to time, of course, or are in the process of amendment and they may not be reprinted because they know amendments are coming up.

Mr. CLERMONT: But can such information be supplied to the members of this Committee?

Mr. WILLIAMS: Yes, sir.

Mr. CLERMONT: Thank you very much.

The CHAIRMAN: Before you all go, I want to say one thing. I want it understood by the Committee that on Friday the Minister will be back, when his policy statement will be discussed further, first of all by the different Parties who wish to make a statement. Will any members who wish to make a statement, let the Clerk know? This will be followed by a general discussion of the Minister's statement.

Next Tuesday we will continue from here and I think we should make provision for the attendance of those people who can answer the racing problems, at our meeting next Tuesday.

The meeting is now adjourned until Friday morning.



## APPENDIX "1"

Effect of Government Subsidies on Rate of Change in Real  
Net Farm Income (1949 dollar basis), 1946-48 to 1963-65

On an annual basis, it makes little or no practical difference to the rate of change in net farm income between 1946-48 and 1963-64 whether supplementary payments and subsidies paid to agriculture are included or excluded in the calculation of net farm income.

If the value of supplementary payments, as given in Farm Net Income, DBS Cat. No. 21-202, is subtracted from realized net farm income, the average net income per farm family worker (farm operators plus unpaid family help) has increased 2.4 per cent a year, comparing the average for 1946-48 with 1963-65. This compares with the figure used of 2.3 per cent a year including supplementary payments.

If the amount of Federal subsidies paid to agriculture, as described in the national accounts, is subtracted from the realized net farm income, the average percentage increase over the same comparison is again 2.4 per cent, even though the subsidies figure is larger than the supplementary payments. The so-called "subsidies" figure is larger than supplementary payments because it includes items which are not direct income payments, such as feed freight assistance on western grains.

Actually, the value of supplementary payments in 1946-48 was \$16,425,000 compared with \$11,560,000 in 1963-65, in current dollars. Thus, supplementary payments contribute less to net farm income in both absolute and real terms in 1963-65 than they did in 1946-48. The difference of one-tenth of one per cent could therefore be considered significant.

Comparing the five-year periods 1946-1950 with 1961-65, and deducting the supplementary payments from realized net farm income per farm family worker would place the average annual percentage change at 2.0 per cent compared with 2.2 per cent when supplementary payments are included. The average percentage change in manufacturing wages over this comparison was 2.6 per cent. The difference in the average increase in farm income arises in this case because supplementary payments averaged \$16,142,000 a year in 1946-50 compared with \$28,151,000 in 1961-65, again in current dollars.

TABLE 1  
PRICE INDEX NUMBERS: COMMODITIES AND SERVICES USED BY FARMERS, GENERAL WHOLESALE,  
AND FARM PRICES OF AGRICULTURAL PRODUCTS, CANADA, 1950-1965

Commodities and Services Used by Farmers									
	Farm machinery	Composite (excludes living costs)	Equipment and materials	Taxes and interest rates	Building materials	Gasoline oil, grease	Feed	Farm wage rates	Farm prices of agricultural products
1935-1939 = 100									
1950	165.1	210.4	189.9	144.3	255.0	145.1	225.3	368.7	211.2
1951	186.8	230.0	206.0	151.8	296.1	147.1	228.2	416.6	240.2
1952	195.4	243.1	215.8	161.4	303.3	149.9	233.3	445.5	226.0
1953	196.7	239.8	207.4	168.2	307.8	150.4	215.7	449.1	220.7
1954	197.9	237.2	203.3	174.6	307.0	153.0	205.3	441.2	217.0
1955	198.8	238.3	204.6	177.2	308.8	151.7	214.7	439.7	218.9
1956	209.4	247.6	208.8	184.7	316.6	152.5	206.4	470.3	225.6
1957	223.8	255.9	211.3	191.9	322.9	155.0	204.5	501.4	227.4
1958	236.7	259.9	213.0	196.7	321.6	156.1	192.5	513.2	227.8
1959	248.4	269.5	219.1	204.7	325.6	155.9	202.7	538.2	230.6
1960	254.2	276.7	222.7	214.5	327.7	155.0	204.0	555.3	230.9
1961	261.4	282.2	226.7	220.6	324.3	156.5	210.9	566.0	233.3
1962	268.1	290.7	234.9	228.0	326.3	157.8	232.2	576.1	240.0
1963	272.9	298.6	237.4	239.2	334.2	157.5	232.0	600.6	244.6
1964	279.6	308.6	243.5	247.4	337.8	159.9	226.1	627.5	245.4
1965	284.9	319.4	247.4	247.4	371.4	159.7	227.3	677.0	250.3 <sup>a</sup>
									272.2 <sup>a</sup>

<sup>a</sup> Preliminary

TABLE 2

*Index Numbers of Average Weekly Wages and  
Salaries in Manufacturing, 1950-65*

1949 = 100

1950	105.7	1958	165.3
1951	117.5	1959	172.5
1952	128.2	1960	177.8
1953	134.8	1961	183.6
1954	139.1	1962	189.2
1955	144.4	1963	196.1
1956	151.7	1964	204.1
1957	159.1	1965	214.0 <sup>a</sup>

<sup>a</sup> Preliminary



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

# Agriculture, Forestry and Rural Development

*Chairman:* Mr. EUGENE WHELAN

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PROCEEDINGS

No. 5

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Respecting

Estimates (1966-67) of the Department of Agriculture  
(Minister's Statement)

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FRIDAY, MAY 6, 1966

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WITNESS:

The Honourable J. J. Greene, Minister of Agriculture.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin	Mr. Grills,	Mr. Noble,
( <i>Richmond-Wolfe</i> ),	Mr. Herridge,	Mr. Nowlan,
Mr. Beer,	Mr. Honey,	Mr. Olson,
Mr. Berger,	Mr. Hopkins,	Mr. Peters,
Mr. Choquette,	Mr. Horner ( <i>Acadia</i> ),	Mr. Pugh,
Mr. Clermont,	Mr. Johnston,	Mr. Ricard,
Mr. Comtois,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Côté ( <i>Dorchester</i> ),	Mr. Lefebvre,	Mr. Schreyer,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Tucker,
Mr. Danforth,	Mr. Madill,	Mr. Vincent,
Mr. Éthier,	Mr. Matte,	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Faulkner,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	<i>guay-Huntingdon-</i>
Mr. Gauthier,	Mr. Nasserden,	<i>Laprairie</i> ),
Mr. Gendron,	Mr. Neveu,	Mr. Yanakis—(45).
Mr. Godin,		

(Quorum 23)

D. E. Levesque,  
*Clerk of the Committee.*

Mr. Rapp replaced Mr. Vincent on May 5, 1966.

Mr. Stafford replaced Mr. Côté (*Dorchester*) on May 6, 1966.

## ORDERS OF REFERENCE

HOUSE OF COMMONS,

THURSDAY, May 5, 1966.

*Ordered*,—That the name of Mr. Rapp be substituted for that of Mr. Vincent on the Standing Committee on Agriculture, Forestry and Rural Development.

FRIDAY, May 6, 1966.

*Ordered*,—That the name of Mr. Stafford be substituted for that of Mr. Côté (*Dorchester*) on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House.*





## MINUTES OF PROCEEDINGS

FRIDAY, May 6, 1966.

(6)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:45 o'clock a.m. The Vice-Chairman, Mr. Laverdière, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Choquette, Clermont, Comtois, Danforth, Ethier, Forbes, Grills, Herridge, Hopkins, Jorgenson, Laverdière, Lefebvre, Matte, Muir (*Lisgar*), Nasserden, Neveu, Noble, Nowlan, Pugh, Rapp, Roxburgh, Schreyer, Watson (*Assiniboia*), Watson (*Château-Quay-Huntingdon-Laprairie*), Yanakis (26).

*In attendance: From the Department of Agriculture:* The Honourable J. J. Greene, Minister, Mr. S. J. Chagnon, Associate Deputy Minister, Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman of Stabilization Board, Dr. R. Glen, Assistant Deputy Minister (Research) and Mr. J. S. Parker, Director General—Administration.

*Also present:* Mr. Régimbal, M.P.

The Vice-Chairman introduced the Minister and his officials and the Committee proceeded in accordance with an agreement made at our last meeting, namely, "That one speaker for each party represented on the Committee be heard on the Minister's Statement".

At 11:00 o'clock a.m., the debate continuing, the Vice-Chairman adjourned the Committee to Tuesday, May 17, 1966.

D. E. Levesque,  
*Clerk of the Committee.*





## EVIDENCE

FRIDAY, May 6, 1966.

*(Recorded by Electronic Apparatus)*

● (9:50 a.m.)

The VICE-CHAIRMAN: Gentlemen, if it is agreeable to the Committee, we might begin right now. Is it agreed?

At our last meeting, it was suggested by Mr. Danforth, and it was agreed, that one speaker for each party represented on the Committee be heard in respect to the Minister's statement. I would ask Mr. Herridge to comment on the minister's statement, if he wishes to.

But first, I would like to thank the Minister for being here today, and to introduce Messrs. Williams, Chagnon, Glen, and Parker.

Mr. HERRIDGE: Mr. Chairman, first of all, I must say when I see the Minister smoking that delightful cigar, it comes from some place in Ontario, I shall look forward at some time to hearing his reconciliation of the differences between the policies of the Department of Agriculture and the Department of National Health and Welfare. That can come at a later date.

Mr. GREENE: You saw what happened to the Minister who was anti-smoking. She didn't keep even Health and Welfare.

Mr. HERRIDGE: Mr. Chairman, I made a few notes, when the Minister was speaking, and I am sure we all wish to thank the Minister for focusing our attention on the problems that must receive the attention of the Committee this session. While several people referred to his statement as a policy statement, I think what we took it as was a focusing of our attention on these particular problems, and our people were very pleased to hear him do this.

We are very interested in his suggestion that members of parliament have a responsibility to promote an understanding of the problems faced by rural people, and to get the understanding of the urban people in this matter. I should be interested to hear as we discuss this one suggestion any other suggestions that are made by the members of this Committee, because I am sure the Minister will also be interested; it is an important thing, and I think there is a role to be played in this respect.

We were very interested to hear his statement that only 4.5 per cent of the population in the United States are required for the production of food; whereas some 10 per cent are engaged in agriculture in Canada. Then he mentioned that it required some 40 per cent of the population in Poland to undertake the same work. I think that, as one of those who have always stuck up for the efficient family farm unit, with my colleague across the street, this is a witness to the efficiency of the economic family farm unit in the United States and in Canada, and I am one of those who hope this will be continued as a sort of way of life for us. I am a bit more concerned than the Minister in that respect, apparently.

We want to say the government's dairy policy has received the approval of producers generally, and I am one who gives the Minister full credit for persuading his colleagues that prompt and effective action was needed. I have received a number of letters in this respect. We were also interested in the Minister's remarks with respect to the need for a national marketing board or commission. This question has been discussed for the 20-ODD years that I have been here, and it may interest the Minister and the Committee to know that my colleague, Mr. Peters, moved a motion for the establishment of the national marketing board during the time I had the honour to be the parliamentary leader of the New Democratic Party. I had a purpose for putting that in there. I must say that after quite a lengthy debate his motion was defeated, but I think, largely, because members had not been informed of all the facts surrounding the circumstances of interprovincial and international marketing at that time. I might say that in this connection I had quite a lot to do with the marketing Act in British Columbia which was declared ultra vires in the first place, and then later was declared to be in order. I have always been an advocate of the need for an extension of this type of legislation, and our party has, to the federal field. I am sure the Committee will be very interested in hearing the opinions of the producers organizations that may come before the Committee as witnesses.

The Minister's references to crop insurance legislation were very interesting. I think this subject will have to be considered in relation to legislation presently being adopted by some of the provinces. If we do not have overlapping, we have some measure of co-ordination. I might say in this respect that for some years I have introduced a private bill in the House which provides for the establishment of a Canada disaster fund, and I hope the members will forgive me this rather personal reference, but it is done in all humility. I am wondering if the Committee would not be wise to consider crop insurance and the need for a disaster fund as one problem. There may be some relationship between them, because I have met a number of farmers who lost fields and barns and such through what are called disasters. We should find some appropriate way to meet and insure farmers from getting crop failure, and other disasters that I have mentioned, that can affect the farming population on occasions.

These are the recent amendments of the Farm Credit Corporation Act, and we were also glad to hear that the Minister had listened to members of the opposition when they were speaking on this measure when it was put through the House recently. He made reference to the possibility of the need for the further amendments to this act to provide additional funds for family corporations or partnerships that would be related to the total assets of one or the other.

Then the Minister made reference to the cost of farm machinery, concerning every farmer and the members of the Committee. This is a question that has been before the Committee before, and members here and I am one, hope that recommendations from this Committee will be favourably considered by the government when the report is made.

We were interested in the Minister's reference to an extension of the co-operation movement and the need for co-ordination between various groups and regions to preserve and develop what many of us are pleased to call farming as a way of life. I was very interested in a matter that was brought to my attention yesterday in connection with the University of Guelph, and the fact that certain trade unions in the Guelph area, having had the matter of the need for funds for the extension of the University of Guelph, particularly the agricultural faculty, brought to their attention, had agreed to canvas their members for subscription—and I think it is a cent a day—from their members to be provided for the extension of the agricultural facilities of the agricultural faculty of the University of Guelph. This indicates what can be done if we promote this greater understanding which the Minister mentioned in his statement at the commencement between rural and urban people. The Minister's reference to Canada's responsibility for assistance to feed the undernourished populations of the world, I think, indicates that he is viewing the whole subject of agricultural production as requiring a policy to meet all our domestic and overseas responsibilities.

There is one matter I wanted to mention, which is a question which I am very interested, and I would say, Mr. Chairman, that it came before the annual meeting of the Canadian Tree Farmers' Association. That was the question of trespass. The administration of the laws covering trespass are a provincial responsibility, but they are very varied from one province to another, and owing to the increasing population, there are many times when persons are hunting or fishing, they fail to observe the rights of the farmer and the right to the protection of his property.

I have had a good deal of experience in this because we often get as many as a couple of hundred people hunting on our place in a season, or fishing and we have always given everybody access. We are finding it more and more difficult because we get people in who do not realize, who do not close gates—stock go from one field to another—and they are in the habit, on occasions, of bringing in two or three cases of beer, drinking the beer, and then breaking the bottles on the banks of the creeks, and then the cattle cut their feet, you see.

In another instance, and they are neighbours of mine, there were some two or three carloads of people who came in and practiced target shooting all one afternoon at the tail of a steer, at a distance of about 200 yards. After firing about 100 rounds, finally cut the tail off about a foot below the rump. This can be somewhat annoying to farmers, you see.

While I find that a great majority of them are quite willing to co-operate, and do, I think it is a matter that should be placed on the agenda of our annual agricultural conference for consideration to see if we cannot devise a formula which all the provinces would accept that would, shall I say, develop an educational program in this respect to indicate the willingness of those on farm property to co-operate with persons who want to enjoy our natural resources, and yet at the same time provide for the proper respect for the rights of the man who is the foundation of society in Canada. That is all I have to say, Mr. Chairman.



The VICE-CHAIRMAN: Now I will ask Mr. Danforth for his comments.

Mr. GREENE: Do you want me to answer these as they come up, or wait until you are all finished?

The VICE-CHAIRMAN: No, I think I would wait until the end, and then you could make a general statement.

It would take up a lot of time if you were to answer all the questions.

Mr. DANFORTH: Mr. Chairman, in commenting on the statement made by the Minister, I certainly am not going to be as complimentary as the previous speaker, nor am I going to review item by item the principles enunciated by the Minister, and comment on each and every one of them. It is my intention to make a very short statement this morning of a somewhat different nature. I am sorry the Minister did not make an abrupt departure from the ordinary speech or enunciation made by a minister on this occasion. I say this because having the estimates before the Committee, and with the change in the rules of the House, it seems to me it was an abrupt departure from the system we have been accustomed to.

● (10:05 a.m.)

I think it was a golden opportunity for the Minister to make a drastic change in the pattern we have more or less dropped into over the past years. I would have hoped that the Minister would have taken advantage of this peculiar situation to try and bring the committee members up to date on the fast changing patterns and the agricultural revolution we are faced with today.

I had hoped that perhaps the Minister would have used simple principles and terms to provide the Committee with a picture of exactly where agriculture stands today as far as the department is concerned, and what agriculture is accomplishing, and then draw a comparison with the world situation where the department and the government felt Canada could take a part. I was looking forward to his giving to us and to the country as a whole the government's idea of where they thought agriculture should go, what the production goals should be or what type of agriculture we should be concentrating on. The Minister touched on this when he spoke of his world food program and of the growing population and the production capacities of the farms today compared with yesterday. But, there are no indications whether this is good or whether we should concentrate on this or where the emphasis on behalf of the government should be placed. He touched on it too when he spoke of the educational program that is necessary in the urban thinking in regard to the value of agriculture in today's economy.

I think there was an opportunity there to set out for all to see where the agricultural economy would fit into the government's picture of Canada as a whole and give the urban people an opportunity to see the close association between their economy and the economy of the farmer. Now, I think most Canadians realize that we have a Department of Agriculture that has a world wide reputation, but to most Canadians it is a gigantic organization and they can just imagine its scope. I would have hoped that the Minister would have taken this opportunity—since these are the estimates of the Department of

Agriculture—to give the Committee the government's view of the capacity of the Department of Agriculture, the programs that the various departments were concentrating on; how they fit into the picture of their consideration of the future of agriculture. He might have dealt with the continuing work that was expected of the departments and the Minister and how there could be closer co-operation between the department and the industry of agriculture, how it could be made more useful, and how the department itself could attack this major proposition of lack of public relations between agriculture and the urban population, as pointed out by the Minister.

I would have hoped that the Minister would have dealt at some length with the government's consideration of the effect of automation in this agricultural revolution that we are faced with today: the major problems it is causing the farmer today, for example the tremendous shift of labour from the fields of agriculture into industry, its effect on agriculture, the government's proposals for counter action. I would have hoped that the Minister would have taken this opportunity to deal with the increasing costs, what the government felt was the major cost price index raise that farmers should stand, what steps the government was taking in all these fields to make it more economic for the agriculturalists of today to stay with this industry.

There did not seem to be any encouragement in the speech of the Minister that would promote the youth of today to stay within the field of agriculture. I would have hoped there would be some over-all program forthcoming that would have illustrated quite clearly to a young professional agronomists today that there is a dire necessity for them to stay in the different fields of agriculture and the allied industries. They are going to be not only needed but absolutely essential if we are to meet the tremendous problems of the supply of food to meet the growing population. This I feel would have been of the utmost benefit to the Committee. We would have known what the government considered to be the major problems in the course of the consideration of the estimates. As we came to each of the departments where the major problem was focused the Committee could have asked direct questions on the departmental's action in this regard and been in a position in their wisdom to offer suggestions of how we might proceed.

It seems to me that this was the ideal time to break away from the old stolid conception that agriculture is there; it is a green thumb proposition. It could be put into a position of attacking with great effect the serious problems that are causing consternation today. I would like to use an illustration. I certainly could not agree in one point with the previous speaker on this new dairy policy. This is an example of where the benefit of advice from all parties could have been put to very practical use.

Now, in the main, this dairy policy is doing a tremendous amount of good I think over Canada and is lending encouragement to the industry. But we cannot dispute the fact that if this policy is continued in its present form across this country there will be hundreds of creameries forced out of business under the effects of the new policy. Now, the men that are supplying these creameries and the creameries themselves are an important segment of the dairy industry, and when any segment of an industry is hurt to this degree the whole industry

cannot help but suffer. This is just one instance where the conception of the program was sound; it was the principle asked for by the industry itself. The government put it into effect swiftly and we have found this one hole in the grid of the industry.

If this had been brought before the Committee we would have had the opportunity perhaps of looking into it in detail. I hope, Mr. Chairman, that we are not going to be faced with the humdrum detail of going through item by item by item of the estimates asking questions on various small economic expenditures. I trust that this Committee will deal with the major principles affecting agriculture today in a manner that will allow us when we produce a report to the government, to give them something substantial to work on in order to meet some of these major problems today. Agriculture can no longer stagger along with any government just making patch-work concessions on a year to year basis trying to keep the industry together. I think that in the light of world conditions we no longer can afford the luxury of such action on the part of government. We must meet now major issues and lay a firm groundwork on an all-party basis in order that Canadian agriculture can fulfil the role so necessary in world conditions that we are going to be faced with in the next few years. Thank you Mr. Chairman.

The CHAIRMAN: I think Mr. Jorgenson would like to comment before the Minister answers the statement.

Mr. JORGENSEN: I think the work of this Committee is pretty much an extension of what the House of Commons would have done. I know there is some confirmation from members of the fact that there are a number of speeches being made this morning and I think this is part and parcel of our whole operation. I think members should be given an opportunity to make statements on the statement that the Minister has made and on agriculture in general. Following that we will proceed to the detailed consideration of the estimates. There are a few comments I would like to make at this time regarding the general situation of agriculture.

I think the Minister when he delivered his statement mentioned some of the problems that the industry is facing. I do not think I can disagree with some of the remarks he made, and I think that his comments represented somewhat an enlightened attitude towards agriculture, something that I think is very commendable. However, I could not help but feel that he, within himself, does not have that confidence he is able to deal with the problems that he sees as he would like. I think perhaps some of that difficulty arises from the problems that he is going to have within his own cabinet. I detect a very wide range of attitudes among members of the present government, and I think that this is one of the problems that the Minister is going to be faced with, perhaps the greatest one in his administration of his department. The question of farm cost is one that immediately arises, if anyone is familiar with agriculture, as many of us are on a practical level. It is my opinion that the raising of farm prices through subsidies, through floor prices, whatever means is used, is of no avail whatsoever if we are going to allow those who supply the agricultural industry with the tools of their trade, to raise prices of their products as they see fit.



We had a group of the farm machinery people before the House of Commons Committee a few years ago. It was quite evident from the statements they made at that time in reply to some of the questions that were posed to them that they have one philosophy so far as pricing of their products is concerned and that philosophy is take all the market will bear. If you raise agricultural prices to the point where there may be a profit to the producer, if you are successful in doing this, some smart fellow in the farm implement industry or other industries that supply agriculture is going to find a way of extracting that increased profit out of the farmers' pocket.

They seem to think that it is their God given right to extract everything that may represent a profit to the farmer, and unless something is done about these people and about controlling farm costs, then all the raising of prices to the farmer that you can think of is going to be of no benefit or to no avail.

The question has been raised on many occasions that the Agriculture Committee or some commission be set up to examine this question of rising farm costs. Recently in the Manitoba Legislature a resolution was passed urging that this study be undertaken and it has been urged in the House of Commons on several occasions as well.

One might also take into consideration the effect the increases in taxes have on the cost of farm machinery. I recall reading a brochure, or something that came across my desk several years ago, about some farmer writing in inquiring about the reasons why his share of a price of a loaf of bread was so low in relation to what the consumer was paying for it and this person who received the letter decided—he was a newspaper man incidentally—that he would do a survey on his own. He discovered that out of a 24 cent loaf of bread the legitimate costs that were involved in the 24 cent loaf of bread, taking into consideration profits and so on on the parts of the various people who handle the wheat product, amounted to 12 cents. He calculated that the remaining 12 cents was made up of taxes imposed by various levels of government, county, state and federal—it was an American who did this. Now, I do not know whether our economics division has done any research along these lines to determine what impact increases in taxes has on the final costs of a product.

There is no question in anyone's mind that starting January 1, for example, after the first deductions were being made on the Canada Pension Plan, whether it was justified or not, every retail dealer in the country took this as an opportunity to raise prices of the products they sell, and blamed it on the deductions they had to make under the Canada Pension Plan. You multiply this by the number of taxes that are being applied and increased from day to day and you get an example of how costs can spiral, whether they are justified or not. It seems to me that most of these people take advantage of this opportunity to raise their prices. The question of farm credit was one that was raised and we can have no quarrel with what has been done to the Farm Credit Corporation Act. It has been one of these organizations that has materially assisted in the transformation of agriculture to a business profession and assisted in keeping up to date in the trends that have been necessitated by automation and improvements in farming techniques.

● (10:20 a.m.)

However, having said that I think one must draw attention to the fact that since this has happened there has been a considerable increase in the price of land during the past number of years. I just received an answer to a question that was placed on the order paper referring to this particular problem and I find that in the past year, for example, in the prairie provinces, the average increase in the cost of land is the highest in any single year on record. I think this is something that we should be considering too.

I recall when the Farm Credit Corporation Act was set up, at the same time the Manitoba Agricultural Credit Corporation was formed and we had the veterans transaction operation at the same time. I expressed some concern to the heads of these various credit agencies that there may be some competition for business in the province resulting in an increase in the price of land. They assured me that every step would be taken to ensure that this did not happen. Now, I am sure that they did everything in their power to prevent this increase, but it has taken place none the less and we have a situation now where because of the high cost of farm machinery and the high cost of land it is becoming virtually impossible for the younger farmer to get himself established. I do not know what the answer is. Even the amounts of credit that are available to a farmer today under the Farm Credit Corporation Act are not sufficient to set up the type of unit that can be classed as economical in some aspects of agriculture and, particularly in grain farming, where one man can handle a tremendous amount of land with the type of machinery that we have today.

It seems to me that it takes more than one generation to pay for the investment in agriculture, and I wonder if something could be done to ensure that some provision is made for a transfer of property from father to son. I do not think enough of that is being done. Mind you, I am aware of the problems that are involved here. In many cases the son does not want to farm and in many cases he is a pretty lousy farmer and it is better if he is not there. But in those cases where such a transfer is desirable, and where the younger generation are willing and eager to farm, then every form of assistance should be made available to arrange for the gradual transfer of that property so that the succeeding generation will have an opportunity to pay off the debt that is going to be incurred.

Again, you have to bear in mind the fact that agriculture will change. There will be increases in costs, perhaps larger units will be demanded. But it seems to me it is the only way that you are going to prevent the corporate type of farming that seems to be the trend today—and speaking of corporate farming, I operate my farm on the basis of a family corporation and I find it is one of the ways in which a gradual transfer of property can take place and one way in which you can operate a farm even on an absentee basis. Perhaps it is one good method that could be used to consolidate a lot of the smaller units, particularly in the face of the fact that there is such a tremendous shortage of farm labour today. This is another one of the great problems that we are facing in agriculture and perhaps the consolidation of a few of the smaller units into a form of family corporation is one of the answers that we can find.

The third point that I want to make this morning has to do with the question of necessity of co-ordinating policy. We had the rather odd spectacle Wednesday of the Minister of Trade and Commerce making an announcement with respect to the renewal of the international wheat agreement; and, yet, the Canadian Wheat Board which is responsible for the movement of this grain is under the Minister of Finance. The Minister of Agriculture in conjunction with the Minister of Forestry has the responsibility for the people who grow the wheat. So you have this rather odd division of responsibility rather than a more closely co-ordinated effort which I think is not only necessary within the department itself but within the government and even between different levels of government across the country and even internationally. I just cannot see how this type of co-ordination can be effective when you have the one industry, the agricultural industry, divided up into four different parts.

Now, within the department itself one can point out some rather serious conflicts of interest and I am speaking particularly of the Prairie Farmers Assistance Act and the Prairie Farm Rehabilitation Act; one, unintentionally, and I do not want to be unduly critical of the Prairie Farm Assistance Act because at the time it was introduced it was the type of legislation that was needed. However, through the years the Prairie Farm Assistance Act, despite the many changes that have been made,—and they have been desirable changes—is not able to perform the type of service that we envisaged when the P.F.A.A. was set up.

The Prairie Farms Assistance Act was set up as a relief measure and a relief measure it will remain. There have been some efforts to make it a crop insurance program. This it will never be unless the whole structure and intents and purposes of the act are changed. I think we were much wiser in setting up the crop insurance act. But there is no question that under P.F.A.A., if one has checked the amounts of money that have been paid out in various areas across the prairie provinces, he will find that there are some areas that come in for payments on a regular basis, if a further check is made it will be found that in many cases it is those areas that perhaps are not as well suited to the production of cereal crops as they are for the production of livestock. I think that in some respects it has been a deterrent to the more efficient and more effective use of that particular land. What P.F.A.A. represents today, to a large extent, is the transfer of money from good farming land to poor farming land in so far as the grain producer is concerned.

P.F.R.A. on the other hand, is the type of program that has done a great deal to encourage and foster the effective use of land, and the proper utilization of land. I think that this type of program has done a great deal to assist in the transformation of the prairies from what we knew of them in the '30's to what they are today. But here you have that conflict within the department that must be straightened out; otherwise, you are going to be working at cross purposes.

I want again to commend the Minister for, what I think is an enlightened approach in the statement that he made the other day despite its obvious shortcomings. I know, the Minister, has a problem, and I want to assure him that we on this side are certainly not going to be placing ourselves in a position where we are going to put in any more road blocks in his way than he has. I



want to caution him though about some of the comments that he made about the Opposition members during the debate the other day in the House of Commons, on the Farm Credit Act, and again here when he met with the Committee the other day. There is a shortage of butter and I would hope that he would not use it all up here in this Committee buttering up the members because he may find himself short on the market.

I do appreciate the interest that he has taken in the many problems that are facing him and again I want to assure him that he can depend on our support as long as we feel that he is pursuing the right course. At the same time, however, I do not think that one should get the impression this is nothing more than an oversized P.T.A. meeting. If there are criticisms, then those criticisms will be forthcoming without prejudice to the greater good of this industry with which so many of us are concerned.

The CHAIRMAN: I think the Minister will answer now and then we will resume questioning.

Mr. GREENE: Would you prefer to have it that way or would you prefer—

Mr. JORGENSEN: I would suggest, Mr. Chairman, that if there are any other members who want to make statements, then let them all make them and if there are no further statements you can close off and we will proceed on to the items.

*(Translation)*

Mr. CLERMONT: Mr. Minister, I have just a comment to make on the question of inquiries into the prices of agricultural machinery. I hear our friends in the Conservative party requesting an inquiry into the prices of farm machinery either by Royal Commission or through this Commission or through this Committee. I hope it is the Committee on Agriculture that will be conducting the investigation into the prices of farm machinery and that it will be different from the Committee of 1961 which had 39 or 40 sittings and presented no final report; it only presented a preliminary report. I hope, Mr. Speaker, that if it is the intention of the Minister or the Government to set up such a committee, I trust the terms of reference of the Committee will not be the same as they were ten so that we can turn in a report that will be useful and not just a preliminary report. I do not think the earlier report affected farm machinery at all in 1961, 1962 and 1963,

*(English)*

Mr. RAPP: Mr. Chairman, may I comment on what the hon. member said. Apparently he would be in favour of setting up a standing committee to—

Mr. CLERMONT: I did not say that.

Mr. RAPP: Just let me finish my sentence.

Mr. CLERMONT: Do not put words in my mouth. I did not say that.

Mr. RAPP: At any rate, the opinion is that a standing committee to investigate on the same basis as we did in 1962—

Mr. CLERMONT: No, no. I said if the government—

Mr. RAPP: —would not serve the purpose. We all remember that. I was a member of that committee. We had quite a number of witnesses appear and

machine companies, but then the 1963 election came along. Our recommendation could never have been implemented. My suggestion to the Minister is that an inquiry should be set up. Whether it is a one man inquiry or a Royal Commission, I do not care. At the present time we have in our country people who have devoted all their energy and their education to matters pertaining to agriculture; and if such a person as a professor of a farm management department or a professor of an agricultural college they would be in a better position to collect this information. This step should be taken regardless of whether there is going to be an election during the inquiry period or whether changes are made in the department. On the basis of their recommendations the Minister of Agriculture or the government could take action.

(10:35 a.m.)

We have set up one man commissions and they do not take too long to arrive at their conclusions. In our particular province I know people from the colleges who have real knowledge of the problems the farmers are faced with in respect of the high cost of farm machinery. I would just point out to the Minister that he should give this matter serious consideration. I had a private talk with the Minister on this matter and I think he understands what I mean.

Mr. WATSON (Assiniboia): Mr. Chairman, my remarks are going to be brief as the time is getting on and the House meets at eleven o'clock. I know we all want to listen to what the Minister has to say. I do want to say that Mr. Morgenson has pretty well covered a good many of the problems that I wanted to mention but, at the same time, there are two or three that I feel should be mentioned. One of them is research pertaining to the cattle feeding industry. I realize that at the Experimental Farm here in Ottawa, and in various places across Canada, there is research available to the farmers. At the same time, I feel that possibly there could be more co-operation between this and going out into the actual projects on the farms. I have one specific thing in mind which I do want to mention. Today we are getting more feed lots in the cattle feeding industry and the feed lot situation, I feel, is going to change drastically in the next ten years. Along this line I am thinking of enclosed housing, where your feed lots are no longer going to be out in the open. There is going to be a completely enclosed business where cattle are going to be fed on slatted floors, the same as we have in the chicken industry today, where the chickens are never outside. I am not going to say whether this is going to be bad or good but there is a definite trend this way. There are three or four places in England and Scotland that are doing this. There are some in the Netherlands and there are two or three projects in the United States. I know that, in my area, there are one or two, in particular, who are interested in this and also in getting some definite information on what is going on. To my knowledge, today we have none in Canada at all. I feel that if the Department could work with one or two of these men in Canada and possibly give them some research and financial assistance in what can be done, this would be of great value to the whole cattle feeding industry.

Again, regarding the cattle business, I want to refer, for a few minutes, to veterinary colleges. We are now in the process of getting a veterinary college in

Saskatchewan and we will be taking in 33 or 34 students this fall. We have one at Guelph. Regarding the over-all picture at Guelph, and I am speaking from memory now, the capacity is about 70 per year. There are 200 students wanting to get in. This means that 130 of these are going to be lost and once they miss their opportunity to get in to the veterinary college, we have lost this many potential veterinarians. There is the same thing in western Canada. Our capacity is going to be about 30. It will be increased eventually, but, at the same time, we have students out there right now, about 100, who would like to go in and we are going to lose 70 potential veterinarians. Once they have missed their opportunity to go into a vet. college, then they go into a different field and possibly, will never return. I think it is common knowledge that possibly one third of the veterinarians in Canada who graduate are picked up by the government for government veterinarians. About one third end up in the cities looking after pet cats and dogs, and what not, but the farming industry, which supplies the food for the people in Canada, are not getting their fair share of veterinarians. The only way to overcome this is to increase our capacity to turn out more veterinarians.

Another item I would like to mention now is the one the Minister mentioned the other day; P.F.A.A. and Crop Insurance. I am one of those who are possibly not in complete agreement with the idea that crop insurance is the best thing. I realize that Mr. Jorgenson comes from a province where there is more crop insurance in effect than in any other place but, at the same time, I think that we have to look back at what P.F.A.A. has done since 1939, when it was started. In this period, up until the present time, the farmers, through the one per cent contribution, have paid in \$164 million. In this same period of time they have received \$353 million which means that the difference of \$183 million, which has come out of the federal treasury.

Now, in 1942, there was no P.F.A.A. payment at all. The next smallest year was in 1962, when there was only \$1.6 million paid out in P.F.A.A. payments. What I would like to say now is that this is compulsory. I think possibly everyone realizes that it is compulsory that farmers pay into P.F.A.A. one per cent of what they receive. The exception to this is that if you are in crop insurance, you can be excused from paying into the fund. The disaster year in western Canada was 1954 when we were wiped out with rot. I am thinking in particular terms of that year, and of the Durum wheat growers. I can remember fields of wheat being two and three feet high. You would go out with a combine and could not find a kernel of wheat. There was no wheat there. If we were operating on crop insurance, which is not compulsory, these same farmers who would qualify under P.F.A.A., would not be carrying crop insurance and, therefore, would still be in the position that they had nothing at all. I think this is something that we cannot lose track of. P.F.A.A. covers everybody. Crop insurance is going to be on a voluntary basis and when it is on a voluntary basis, this is what will happen: the ones who figure it out financially and feel the difficulty as I see it and this is why I feel crop insurance would not work under the present set-up; it is not compulsory.

I am not saying, for one minute, that it should be compulsory as I do not like compulsion, but I think if we go into it under the present set-up and if



F.A.A. was ever done away with, we would get ourselves into a real jackpot. As Mr. Jorgenson mentioned, it is possibly a form of relief, but it is a form of relief for a type of man who is not going to carry it if he has to do it on a voluntary basis. I realize there are certain areas—I know them as well as he does and we have them in Alberta also—which definitely should not be in the grain business. But, they are in the grain business. These are private individuals and nobody is going to take them out.

These are just a few of the things that I did have in mind, Mr. Chairman, and I am going to cut my remarks short now in order that the Minister can speak.

The VICE-CHAIRMAN: There are three other members who have asked to comment. We will have to go to the House in fifteen minutes. Now, it is up to you, Mr. Choquette, as to your comments.

Mr. ROXBURGH: I do not know how you are going to do this, in fairness to the Minister. At the same time I think that all members who are here should have the right to voice any thoughts that they have because it is for instruction and, therefore, you cannot expect them to hold down on their talk any more than you would in the House of Commons. As far as I am concerned, I have nothing definite so say, except that I just want to congratulate Mr. Jorgenson on his practical approach. I am glad to hear that somebody appreciates the fact that the Minister has approached the whole part of agriculture in an enlightened way. At the same time we would like to hear the Minister and if he feels he can reply to the comments now, that is fine; otherwise, I think the others should go on with their questions. He is not being given much time to comment. It is up to the members remaining. If the Minister feels he can do it in the next 15 minutes, that is fine.

Mr. GRILLS: I wondered if it was being fair to the Minister. As far as my few remarks are concerned, I can withhold them until some other time. They have to do with agriculture and immigration with respect to the farm labour problem. I would also like to say a word about the butter problem. However, I do not want to stand in the way of the Minister.

Mr. GREENE: Mr. Chairman, I would be most happy to come back another day. I do not think it is fair for me to answer some of the comments and then leave other members in the position that they will be talking to an empty chair the next time. I would be most happy to continue the discussion and continue the next day until all members are finished and then reply to the whole.

Mr. MUIR (*Lisgar*): Mr. Chairman, may I suggest that it would be useful, for the Minister to have the comments of the members of the Committee, and that he peruse them and return to the Committee at his earliest convenience?

Mr. RAPP: I would suggest to the Minister that he peruse the remarks of the members and on his return comment on them.

Mr. HERRIDGE: It would be advantageous to have the statements and replies on one issue in the record. I think it would be much better if the members who have something to say this morning, say it and then let us have the Minister's replies to all these questions. You could not expect him to reply in ten minutes.

The VICE-CHAIRMAN: Mr. Grills, would you like to continue.

Mr. DANFORTH: I suggest that the members be heard, if we can hear them all this morning, and get on.

The VICE-CHAIRMAN: Is that agreeable to the Committee?

(Translation)

Mr. CHOQUETTE: I was not expecting to make a long speech, I only want to draw the attention of the Committee to the fact that in the Province of Quebec there was already an inquiry. There was a Commission of Inquiry on which Mr Chagnon was a member and he certainly has made a very worthwhile contribution. The Commission submitted an interim report on marketing of farm products. I also want to draw the attention of the Committee to the fact that the Government of Quebec set up a Royal Commission of Inquiry into farm problems in the Province of Quebec. Inevitably, the report of the Commission reflects the problems which are about the same problems for Eastern Canada and that is why I thought the Committee should follow closely the deliberations of that royal commission in Quebec. And I don't think it would be within the procedures of the House of Commons to make representations to a provincial commission without but I would think very opportune for this Committee to follow most closely the deliberations of that Royal Commission of Inquiry, for the Royal Commission of Inquiry in Quebec will bring indubitable light on problems affecting farmers in Eastern Canada over the past few years. Farmers in Eastern Canada have been very vigorous in making their grievances known.

● (10:50 a.m.)

I would also like to point out that the *Union catholique des cultivateurs*, in its brief, submitted to the Provincial Government in Quebec, expressed the grievance which is probably the major grievance of all farmers in Canada, that is the farmers are getting less than 40 cents for every dollar of agricultural production. And I think that it is this grievance formulated with a great deal of vigor which incited the Lesage Government to set out a Royal Commission of Inquiry into farm problems. I merely wanted to make a few remarks and equally endorse an idea that is dear to my colleague, Mr. Rapp, and not brush aside the possibility of submitting the idea to the people, that is that the Unemployment Insurance Act should be amended to cover agricultural laborers.

(English)

Mr. GRILLS: Mr. Chairman, I assure you I will not take long because I can see that clock moving. There is one thing that I would like to bring to the Minister's attention as I have had several inquiries, phone calls and personal visits and some letters on behalf of the smaller creameries that have been previously mentioned. Smaller creameries in our area—I think this applies particularly to eastern Ontario—get their cream from small farmers. I would say that generally speaking in the area that I know, they are considered smaller farmers with herds of 5, 10 and 12 cows more often than 25 or 30. This does appear to have some urgency as they think they are in real trouble. They see the end of the small creamery. Now I know there are going to be changes taking place and there are many reasons for them. I am in sympathy with the Minister and the department trying to solve this, but when the small creamery

is gone there will not be anyone there to service these small cream shippers. One other thing that I feel is going to change that is the fact—this is my opinion and I think the Department concurs in it—that skim milk is worth about 50 cents on the farm and it is worth about \$1 if it goes to the factory after the manufacturing cost it taken out; is that right? So that the skim milk has enough value in this manufacturing plant where it can be made into powder to take care of the hauling and still leave some premium. There is a real problem there, though. They are concerned about it.

The other item that I had in mind was this: Whenever we meet with the Federation of Agriculture or the farm union or farmers geneally, they will tell you they cannot get help. Farmers generally are getting older, and when I say older I do not mean they are all 60 or 70 years old, but they are getting older and their sons appear to be going other ways, taking up other occupations, and they are badly in need of help. I wonder how much importance or how much thought has been given by our immigration people to bringing in potential farmers as farm labour.

Now, with all due respect to countries of, for instance, southern Europe and their way of life, they are not agricultural countries. If we could have the people who emigrate to Canada work as potential farmers in the years to follow they would take the place of our farmers who are getting older. Today we have expensive machinery on farms. Someone said the other day in a meeting, he did not want to put an unskilled man out on the farm to run this expensive machinery. Well, a farmer who comes from an agricultural country is pretty well to some extent a skilled farmer when he comes here and he does not find too much difficulty in applying himself to our way of life. I think there could be quite a bit more done there. We are living in a world with many hungry people and that we are going to need farmers and we are not going to have enough of our own. If we can produce more food and sell it to the hungry people of the world it will help our balance of trade and we will still be in the farm business. Thank you, Mr. Chairman.

Mr. SCHREYER: I would like the Minister in his report to bring us up to date on crop insurance in British Columbia as affects fruit growers. When I say bring us up to date, I would like to know what representations will be made by the provincial authorities, or what research is done, provincially and federally; that is, working together, and what conclusions they are reaching whether crop insurance is actually feasible, the manner of coverage and the types of coverage. Could the Minister also let me know whether any further representations have been made by the province of British Columbia in regard to the payment out for the fruit losses of last year, through frost. Why I ask that is there was a question that the base of payment might be broadened. I know there have been changes since the first time, but I am wondering though whether it has been finalized and whether any further representations have come either from the government of British Columbia or the B.C. Fruit Growers Association or any other organization out there?



Mr. NOBLE: I suggest that we continue this discussion at another meeting because I think there are quite a few members here who would like to say something on it.

The VICE-CHAIRMAN: We propose to do that next Tuesday.

The Committee is adjourned to the call of the Chair.



OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,  
*The Clerk of the House.*



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

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Respecting

Estimates (1966-67) of the Department of Agriculture

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FRIDAY, MAY 13, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. C. Barry, Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research); Mr. J. S. Parker, Director General, Administration.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Honey,	Mr. Olson,
Wolfe),	Mr. Hopkins,	Mr. Peters,
Mr. Beer,	Mr. Horner ( <i>Acadia</i> ),	Mr. Pugh,
Mr. Berger,	Mr. Johnston,	Mr. Rapp,
Mr. Choquette,	Mr. Jorgenson,	Mr. Ricard,
Mr. Clermont,	Mr. Lefebvre,	Mr. Roxburgh,
Mr. Comtois,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Schreyer,
Mr. Crossman,	Mr. Madill,	Mr. Stafford,
Mr. Éthier,	Mr. Matte,	Mr. Stefanson,
Mr. Faulkner,	Mr. McKinley,	Mr. Tucker,
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Gendron,	Mr. Neveu,	<i>guay-Huntingdon-</i>
Mr. Godin,	Mr. Noble,	<i>Laprairie</i> ),
Mr. Grills,	Mr. Nowlan,	Mr. Yanakis—(45).
Mr. Herridge,		

(Quorum 23)

Michael B. Kirby,  
*Clerk of the Committee.*

Mr. Stefanson replaced Mr. Nasserden on May 11, 1966.

Mr. McKinley replaced Mr. Danforth on May 11, 1966.

ORDER OF REFERENCE

WEDNESDAY, May 11, 1966.

Ordered,—That the names of Messrs. Stefanson and McKinley be substituted or those of Messrs. Nasserden and Danforth on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House.*





## MINUTES OF PROCEEDINGS

FRIDAY, May 13, 1966.  
(7)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:50 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Berger, Choquette, Lermont, Crossman, Ethier, Faulkner, Forbes, Gauthier, Gendron, Godin, Ferridge, Honey, Hopkins, Laverdière, Lefebvre, Madill, McKinley, Muir (*Lisgar*), Neveu, Rapp, Ricard, Roxburgh, Schreyer, Tucker, Whelan, Vanakis—(27).

*In attendance: From the Department of Agriculture:* Mr. S. C. Barry, Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research); Mr. J. S. Parker, Director General, Administration.

On motion of Mr. Roxburgh, seconded by Mr. Hopkins,

*Agreed,*—That the Committee order an additional 1,000 copies, English, and an additional 200 copies, French, of the Committee's Proceedings and Evidence of Tuesday, April 26, 1966 (*Issue number 2*).

Mr. Muir (*Lisgar*) suggested that the quorum of the Committee be reduced. The Chair brought to the attention of the honourable members a motion made by Mr. Watson (*Châteauguay-Huntingdon-Laprairie*) and seconded by Mr. Choquette on Tuesday, April 26, 1966, to which the Committee had agreed:

That the reduction of our quorum be referred to the Subcommittee on Agenda and Procedure for consideration.

The Committee resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67.

The Chairman introduced the witnesses and called Items 5 and 10. The Committee proceeded to the questioning of the witnesses.

The questioning of the witnesses continuing, at 11:00 a.m., the Chairman adjourned the Committee to 9:30 a.m. Tuesday, May 17, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, May 13, 1966.

● (9.50 a.m.)

The CHAIRMAN: Gentlemen, I will call the meeting to order. First of all, we have a demand for extra copies of Report No. 2 which concerns the dairy policy. There has been a demand by different members and groups for extra copies of this report. We feel that probably 1,000 extra copies would be sufficient to take care of the demand. I feel we should supply the groups that are interested. Would someone care to make a motion?

Mr. CLERMONT: Will these extra copies be in French or both French and English?

The CHAIRMAN: The demands have been for copies in English, Mr. Clermont, but if you have any knowledge of there being a need for extra French copies, you can include that in the motion.

Mr. CLERMONT: Could we have 200 copies?

The CHAIRMAN: Two hundred in French also?

Mr. CLERMONT: Yes.

The CHAIRMAN: A thousand extra copies in English and 200 extra copies in French.

Mr. ROXBURGH: I so move.

Mr. HOPKINS: I second the motion.

Motion agreed to.

The CHAIRMAN: Now, today, you are all aware of the fact that we are going to proceed with research. The reason for this is that the officials concerned with the other department we were discussing last week, are not available today, and research was ready to go, so we decided to proceed with research today. I hope the Committee is in agreement with this.

Mr. MUIR (*Lisgar*): Mr. Chairman, before we proceed with the meeting, I wonder if it would not be a good idea to reduce the quorum of this Committee? All the other committees have had to do that and I think that 23 is a large quorum to expect, particularly on Friday morning.

The CHAIRMAN: Just to remind you, Mr. Muir, we have a motion before the Committee that the steering committee consider reducing the quorum and report back to the Committee. Now, we have not done that and that has probably been my fault more than anybody's because I went and made some investigations on my own and found that there had been representations by different people, including party representatives, that this Committee remain large, at the time that these committees were being set up.

I was not here last Friday, so I did not call the steering committee, but it is my intention to call the steering committee together before our meeting next Tuesday to discuss this more thoroughly. I do feel it is necessary, if we are going to proceed with the estimates at any speed at all, to lower the quorum and probably meet more than twice a week, if we are going to get the estimates finished by the end of June. We are not making much headway at the present time.

Mr. MUIR (*Lisgar*): I would not suggest that we cut it drastically but I think that 23 members are too many.

The CHAIRMAN: Yes, we have the largest quorum in the House. Actually, our quorum has been more successful than some of the other committees that are much smaller than ours. So this, in itself, puts us in good standing, I would think, so far as the interest of the members of this Committee is concerned.

We will have a report for the meeting next Tuesday and there has already been a request by many members that we meet next Thursday. Now, we had agreed to meet on Friday, because of the space problem related to the size of our Committee and we have met, now, for three Fridays in a row. I think it is now only proper that some other Committee take a turn at meeting on a Friday, and give us a chance of meeting on a Thursday.

Mr. LEFEBVRE: Mr. Chairman, is this the opinion of the steering committee that you are giving now?

The CHAIRMAN: The steering committee will submit a report. This is just an opinion through discussions we have had very informally. The steering committee will meet before next Tuesday and these are some of the things that we will be discussing and on which we will bring out a report for the Committee.

Mr. LEFEBVRE: I hope you reconsider and keep the meetings on Friday morning.

The CHAIRMAN: Do you hope so? If you have any feelings along this line, you should report them to the members of your party who are on the steering committee, and let them know what you think, before the steering committee meets. I imagine it will try and meet probably next Monday evening. I am going to send out notices and try and make contacts to see if it is suitable to the steering committee to meet next Monday and discuss lowering the quorum and the times of meeting.

We are also supposed to discuss the prior motion that has already been discussed by the Committee here, of whether we should ask the House for permission to sit while the House is sitting. These matters will be discussed by the steering committee and a report made to you next Tuesday.

Mr. FORBES: Can you tell us something about your aims? Are you aiming to cover the estimates before the House adjourns for summer recess? And do you plan on having the Board of Grain Commissioners before the Committee before that time? What are you aiming at? If we knew this, we would have some idea how many meetings we should hold and when.

The CHAIRMAN: We are hoping to get these estimates done by the end of June. We are also hoping to have the Board of Grain Commissioners. This will make it necessary that we do meet when the House is sitting; otherwise, we are not going to get nearly so far as we projected our program, because we have a lot of work on agriculture.

Mr. MUIR (*Lisgar*): Will you refresh the memories of members of the Committee regarding who are the members of the steering committee?

The CHAIRMAN: Pardon?

Mr. MUIR (*Lisgar*): May we have the names of the members of the steering committee?

The CHAIRMAN: There is myself and Mr. Asselin, Mr. Laverdiere, Mr. Danforth and is it Mr. Herridge or Mr. Peters?

Mr. HERRIDGE: Mr. Peters, normally.

The CHAIRMAN: And Mr. Gauthier from Le Creditistes and Mr. Olson from the Social Credit.

If there is no further discussion, we will have a report for you next Tuesday morning at our meeting.

I should tell you what happened this week. We were supposed to meet Tuesday afternoon at 3.30 to hear the Minister's reply to the statements that were made last Friday. A representation was made to me concerning the fact that world developments were being brought before the House that afternoon and many members of this Committee wanted to be in the house and wanted to take part in this discussion. So I did not feel it was right to call this meeting, with members trying to be in two places at the same time. This was why I did not get up in the House and make the motion that we ask their permission to sit last Tuesday afternoon.

If there is no further discussion, we will proceed. We have here the people from the department concerned. First we have the Deputy Minister, Mr. S. C. Barry; Dr. J. A. Anderson, the Director General of Research, Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister, Research Branch and Mr. J. S. Parker, Director General of Administration.

I believe you have all received this summary regarding the research branch. I think we should start off, right away, with questions. I think this would be proper, in order to get on with the business.

Mr. ROXBURGH: Mr. Chairman, in looking over the information which was sent to us, a thought has struck me and I would like to ask whoever is responsible, is there not a great amount of duplication in carrying out experiments in the different experimental farms across Canada? We will just take as an illustration, the national dairy breeding project. I have nothing against the dairymen but I am just taking this as an illustration. Charlottetown—how do you pronounce that in French?

An hon. MEMBER: La Pocatière.



Mr. ROXBURGH: La Pocatière, or whatever it is, national dairy breeding project; Lennoxville, dairy breeding; Normandin, national dairy breeding project; Lethbridge, dairy; Agassiz, national dairy breeding project. And also you can check down through plant breeding and diseases and forage crops and so on.

I am a farmer myself. Right at the beginning there is something having to do with Newfoundland and there are experiments for that province. Under those circumstances, we can understand these things.

But when we see dairy breeding say, in Lennoxville and in Normandin, one right beside the other, and your French name, there, that I cannot pronounce, was just wondering if there is not a great amount of duplication in your experiments across the country. I would just like a few comments on that.

Mr. S. C. BARRY (*Deputy Minister*): Mr. Roxburgh has pinpointed one operation which, on the surface, may imply duplication but this, in fact, sir, is not so, in referring specifically to the national dairy breeding programme.

This is a large dairy cattle breeding operation involving large numbers of animals and, lacking facilities to do it at any one place, it has been spread across several stations. But all the animals involved in this, at any one station, are all part of a total national project with respect to dairy cattle breeding.

As I say, it so happens that, with the facilities available, these have had to be put at a number of points, but they are all part of the same total project.

Now, when you come to plant breeding, it is true, also, that plant breeding is carried on in several establishments but I think that Dr. Anderson and his associates can go into this in some detail. I think you will find, gentlemen, that these are indeed not duplications but that certain stations devote their efforts to certain particular crops or the crops of certain regions and, while there may apparently be several involved in cereal breeding or forage breeding, they have indeed, to a high degree, specialized with respect to specific aspects of that. Dr. Anderson may have something to add.

Dr. J. A. ANDERSON (*Director General, Research*): I think that covers the case, generally. I do not feel that there is any excessive duplication. I think we can demonstrate that.

The CHAIRMAN: Is that all your question, Mr. Roxburgh?

Mr. ROXBURGH: Yes.

Mr. ASSELIN (*Richmond-Wolfe*): Just one question about experimental farming; I understand that last year, Mr. Barry, the previous minister put in some query about the board of directors on the experimental farm in Manville. It had a board of directors or an advisory committee.

Mr. BARRY: An advisory committee.

Mr. ASSELIN (*Richmond-Wolfe*): Made up of farmers?

Mr. BARRY: Yes.

Mr. ASSELIN (*Richmond-Wolfe*): First of all, I would like to know how this would work out, exactly what was their role and is it the intention of the department to put in such an advisory board in all the experimental farms?

across Canada? I am thinking particularly of the experimental farm in Lennoxville, because there is a complaint by the farmers that there is a lack of contact, a lack of information and that experimental farms are too big. It is not realistic, according to them.

Mr. BARRY: This has been done in a few instances where there is a very specific type of operation. On Manyberries station, which actually comes under the direction of our Lethbridge station, its work is devoted entirely to range matters in connection with the beef cattle industry. This is a specific one function station and there we did, and I think quite usefully, have an advisory committee of local ranchers, cattle and sheep people in the area, to go over with our local administration and Dr. Anderson, the projects which were to be done in their interests.

● (10.05 a.m.)

We have done the same thing under similar circumstances and in a similar type of station at Kamloops, in British Columbia.

Now, not all stations are, by any means, adaptable to this type of approach. Many of our stations have a wide range of functions and operations which would involve a large number of committees, in order to be specific in them all. And, there are many cases where, even without a formal advisory committee—and indeed, I think in a good many cases—the local administration of our stations is quite close to the people and the interests of the area.

I can think, for example, of Summerland, which is our horticultural station in British Columbia. It is very closely linked with the fruit industry and milk in the Okanagan and Kootenay valleys and where, I think, there is a high degree of liaison and an understanding of the industry and a constant association with it, without the necessity of a formal advisory committee.

We have other classes of stations, of which the classic example would probably be our cereal breeding laboratory at Winnipeg which, historically, has been called the rust research laboratory, which is involved in cereal breeding for the western provinces and deals primarily with wheat. And here, of course, this is a highly technical thing where advisory committees do not particularly fit.

I think, in general, Mr. Chairman and Mr. Asselin, my feelings is that in areas and in circumstances where advisory committees of this kind can be related to a station with one specific function, and where there is a close association with the specific interests of the area which cannot be met otherwise, this has probably worked well. But, at the moment, we have done it only with respect to Manyberries and Kamloops.

The CHAIRMAN: I only have one suggestion for the Committee—and it is only my suggestion as Chairman—and that is, that we proceed as these different items are listed; Animal Research Institute, Entomology Research Institute and Food Research Institute and so on. We may then progress without a repetition of different lines of thought.

Mr. HERRIDGE: Mr. Chairman, could we have a general question, first, on the question of research and then follow the order you suggest?

The CHAIRMAN: If you so desire, yes.

Mr. HERRIDGE: I have one question to ask. I must say, Mr. Chairman, that I am very surprised to hear Mr. Roxburgh suggest that there is possibly more being expended on research as the result of duplication. Because I think if there is one department that is entitled to full support for research, it is the Department of Agriculture, when you compare what is spent on agricultural research with what is spent in defence research.

My further question on this subject is, is there any difficulty in providing satisfactory staff to continue the research being undertaken at the present time?

Mr. ANDERSON: Mr. Herridge, the problem of recruiting in Canada and I think in all other advanced countries of the world, is that it is difficult to get a share of the top notch men and it requires very serious effort. We feel that we have been recruiting quite successfully on the whole, during the past year in particular. I think we have recruited 52 research officers during the past year and I think almost all of those have Ph.D's.

Mr. ROXBURGH: On a point of privilege, Mr. Chairman, Mr. Herridge has made a statement here and I just want to let everybody know that I am 100 per cent behind plenty of money for agricultural experiments. But you can have the best program and you can have the best there is in Canada and the world and you can do duplications—the best of governments and the best of businesses right across the country can certainly get behind the 8-ball in many cases by duplicating. All I was pointing out—and I want to get this straight to Mr. Herridge and everybody else—was the fact that we are behind this but we just do not want extra money spent where it is not necessary. I sincerely hope that Mr. Herridge believes in that.

Mr. HERRIDGE: Mr. Roxburgh's motives are entirely pure.

The CHAIRMAN: I think every member of the Committee understood what you meant, Mr. Roxburgh.

Mr. HONEY: I was just wondering whether one of the witnesses could tell us, probably in very general terms, the amount of our budget spent on agricultural research as compared with a comparable nation such as the Soviet Union or the United States or any of the other agricultural nations.

The CHAIRMAN: Percentagewise?

Mr. HONEY: Yes, percentagewise; if they could just give us a broad basis of comparison.

Mr. ANDERSON: Mr. Chairman, I do not think we can do that precisely for agriculture. But, by and large, the two leading countries in research are the United States and the U.S.S.R. which, so far as one can tell from quite detailed and exhaustive studies that have been made, are spending something like 3 per cent of the GNP on research. We are spending approximately 1 per cent of GNP.

Now, to break this down to agriculture is more difficult. I think that we might, in agriculture, show a little better comparison than we would in research in general. This is my opinion in this area.



Mr. HONEY: Thank you.

Mr. MUIR (*Lisgar*): Well, Mr. Honey asked my question, which had to do with the difficulties in regard to maintaining an adequate scientific stand. But I would like to add, do you people go to the universities, and try and recruit these young people before they get taken away or go elsewhere, such as to the United States or other parts?

Mr. BARRY: We do.

Mr. ANDERSON: We have recruiting teams out, through the Civil Service Commission. We, of course, lose some people to Canadian universities and a few people to the United States. But this is normal; there is always a turnover in any research organization.

Mr. MUIR (*Lisgar*): And the Civil Service Commission has to recruit your people for you; is that not right?

Mr. ANDERSON: Not entirely. We help; we normally have a member on each recruiting team that goes out, either from this department or some other department which has biological research. And we do a lot of bird-dogging ourselves steadily, through our staff getting people interested in making an application, which has to be made, of course, through the Civil Service Commission.

Mr. MUIR (*Lisgar*): And how do your salaries compare with the private sectors?

Mr. ANDERSON: Well the salaries for research scientists are just in the process of being corrected. A new series will probably be brought in quite shortly. There has been a great deal of work on this during the past year and I think it will make our salaries much more comparable to university salaries in Canada.

The CHAIRMAN: But Mr. Muir, what you were asking was that in the past they have not been comparable. Is this right, Dr. Anderson?

Mr. ANDERSON: I think they have been a little low in the past few years.

Mr. BARRY: In recent years. This has fluctuated over a period of years.

Mr. MUIR (*Lisgar*): Well, is not there some competition between your own departments for personnel?

Mr. ANDERSON: There is, in certain lines. There would be chemists employed, for instance, in several departments and in crown corporations. There would be, for example, pathologists both in forestry and in agriculture, but I think the competition is mainly between the civil service and the universities.

Mr. FORBES: I know of a case where a fellow left plant products and moved to plant science on account of the salary range.

Mr. BARRY: This can happen, sir.

The CHAIRMAN: Dr. Barry says that this can happen.

Mr. BARRY: Career opportunities.

Mr. HERRIDGE: Mr. Chairman, I was wondering—

The CHAIRMAN: Is this a supplementary question?

Mr. HERRIDGE: A supplementary, yes, in an elementary sort of way. I was wondering if Dr. Anderson would tell the Committee if he supports wholeheartedly the representations made by the Agricultural Institute of Canada with respect to salaries in this department?

Mr. ANDERSON: I do not know, Mr. Chairman, that I have even taken into consideration the recommendations made by the Agricultural Institute of Canada, although I am a member of it.

Mr. ETHIER: Mr. Chairman, maybe I am out of line here but I do not see anything on research in the dairy industry in this brief. I do not know whether it is the time to put a question to the research department here regarding the procedure used in buying milk on a butter fat basis. I see that they are buying milk in the British Isles, now, on the solid basis that there is in the milk. I understand that the Department of Agriculture of Canada is working pretty hard on that to find a more adequate way of buying milk.

Mr. BARRY: This would not, Mr. Chairman and Mr. Ethier, come so much within the orbit of the research branch as it would within the orbit of the production and marketing branch and the dairy division and this kind of thing. But could you elaborate on that a bit, Dr. Anderson, so far as the research branch is concerned?

Mr. ANDERSON: All of our experiments in genetics and breeding relating to dairy cattle include, as a principal measurement, the measurement of total solids in the milk. We are building up the background of information in this area, as well as in the butter fat.

Mr. ETHIER: Do you foresee that some day there would be another way to buy the milk?

Mr. ANDERSON: From the viewpoint of research, we think we shall be able to produce such data as may be required for policy decisions, if such is required.

Mr. ETHIER: Thank you.

*(Translation)*

Mr. LAVERDIÈRE: I know that research is most important. Could we obtain some information with regard to the immediate means of getting information which you use so that our farmers here who are interested, can get this information. What means do you use to disseminate this information, to provide this information to farmers?

*(English)*

Mr. ANDERSON: Mr. Chairman, one has to say, first, that agricultural extension, that is getting information out through the farmers, is primarily a provincial responsibility and the agronomes in Quebec and the agricultural representatives throughout the rest of our provinces are all under provincial control.

Now, we have extremely close liaison with these groups in areas relating, say, to information on what varieties are recommended, on what pesticides should be used and how, on what herbicides might be used and on recommendations with regard to the use of fertilizers. There are, I think, essentially in

every province, committees meeting each year to assimilate the most up to date research findings and to make the recommendations which will be put forward through the agronomes and agricultural representatives.

Now, in addition to this, our experts in all our establishments are available whenever anybody calls on them, to deal with any problem and to do trouble shooting. They are available and do speak at meetings of farmers. At many of our farms, of course, there are meetings of farm associations of one kind and another held, I was going to say, almost weekly, and I think this is true at a number of stations.

We also get out a number of bulletins, practical bulletins, and these are distributed. I think we are working in almost every field as a back-up to the extension service and doing what we can, ourselves, through our own staff, in getting information to the farmers.

If I may, Mr. Chairman, be permitted to express a personal opinion, I have frequently heard it said that there is a large gap between research and its application. I think this statement is repeated until one begins to believe that it is true. Personally, I do not think that it is. I think if an investigation is made, you will find that in areas like western Canada, for instance, our farmers are as closely on top of research findings as they are any where else in the world. I think this would apply to the Okanagan valley, to most of Ontario and various other areas.

(10.20 a.m.)

*Translation)*

Mr. LAVERDIÈRE: If I understand you properly you do your utmost to provide information to farmers in the province of Quebec in particular and to a number of agronomists—there are about a thousand of those now whereas perhaps fifty years ago they were only about fifteen. Do you think that you have sufficient personnel so that the farmers can be well informed by those technicians and agronomists who are now being trained in Quebec?

*English)*

Mr. ANDERSON: On the whole, I think yes. But one has to realize that in the province of Quebec there has been a tremendous reorganization in this whole area of agricultural research during the last two to three years or perhaps a little longer than that, which we think is coming to fruition now. They have an excellent organization heading up through their Department of Agriculture and through their Agricultural Research Council. We, ourselves, have suffered a little in Quebec because we lost a number of people when the new Faculty of Agriculture was established at Laval University and as a result of the growth of the provincial department. I think we lost 17 persons, if I remember and it has not been easy to recruit replacements for them. But at the new faculty at Laval they are now starting to turn out graduates and postgraduates and a number of their people are doing Ph.D. studies now and we think this situation will correct itself within the next two to five years.

*Translation)*

The CHAIRMAN: Are you done?



Mr. CHOQUETTE: Is there not an information service in the Department of Agriculture? Therefore, there is a very close relation between the research service and the information service?

(English)

Mr. BARRY: Yes, sir. I am sorry I did not bring a copy with me but, in addition to the various types of information and the various means that Dr. Anderson referred to, we have just now instituted a new quarterly publication and I will have a copy of it here at the next session. I am sorry I did not bring one today. In this publication there will be a great deal of information and stories on the work the Department is doing in this general area. This is primarily for distribution to agronomes, agricultural representatives and people who, in turn, have the responsibility of carrying the extension directly to the farmers. But, through bulletins, press releases, and a wide range of information data, we do try—and I think successfully—to disseminate quite a bit of our material.

(Translation)

Mr. CHOQUETTE: The reason why I ask this question is because Dr. Anderson seems to attribute to information services to provincial jurisdiction but that you say that there is an information service in the department though the service mentioned is specialized in research, are these services required to produce a monthly or bi-monthly or semi-annual report? How do they go about informing the department of the nature of research and extent of their research?

(English)

Mr. ANDERSON: Most of our establishments now produce a formal biannual report. In addition, most of which are closely associated—I am not thinking of Winnipeg but of places like Summerland and Agassiz and others—are producing press releases of their own, which they get out to the local press and also mimeographed reports every three months or so, mimeographed reports to the agricultural representatives dealing with the recent results of research and various matters that they wish to put before the farmers of their area. We try as best we can, to make all this information available. On the whole, I think that Canada does a very good job in this area.

The CHAIRMAN: Mr. Madill is next, unless you want to ask a supplementary, Mr. Forbes.

Mr. FORBES: Is this the place to ask about this new chemical or vaccine you developed recently at one of the colleges?

Mr. Barry: Yes, Mr. Chairman, we would be glad to deal with it.

Mr. ANDERSON: It was developed right here in Ottawa on the Central Experimental Farm. It is a new antibiotic for which we have considerable hope because of the wide range of micro-organisms which it will attack. It is now at the stage where we have it covered by patent application. The Canadian Patent Corporation, which handles the patents produced by civil servants and in crown corporations, has the matter in hand now and will be endeavouring to negotiate a suitable license or licenses for the further development of this antibiotic.

Mr. FORBES: What would you use this for?

Mr. ANDERSON: We cannot really tell. This is a difficult area. When you make a discovery of this sort, you must protect it by patent as soon as you can. This means that you do as much work as rapidly as possible, then make your application for patenting because, after all, the same thing might be discovered in Japan tomorrow. Therefore we have to protect the Canadian interests here. We think, because it is a wide spectrum antibiotic, that after adequate testing it may prove to be very useful in human medicine, probably replacing some of the antibiotics now in use. We believe that it will be useful in veterinary medicine. We know, also, if it is cheap enough, it may well be useful in some applications relating to the attack of micro-organisms on plants.

In addition, I would like to say that this particular compound is produced by fermentation in a very simple broth. It is not an expensive broth to make up, fermentation is rapid, it is about 16 hours compared with six or seven days for many other well-known antibiotics and it is relatively simple to isolate from a broth and to purify. All this suggests that it will be relatively cheap to produce by comparison with other compounds.

The CHAIRMAN: Is your question along the same line, Mr. Schreyer?

Mr. SCHREYER: No.

Mr. MADILL: My question is related to the Animal Research Institute. There are three things that affect the dairyman today, and have for some years, but they have not seemed to arrive at the answer. One is acetonemia in dairy cows after they first freshen. Is there any method by which we can administer something in their feed to avert that because if you do not lose the cow they go down for the whole lactation period as far as production is concerned along the same line as milk fever and sterility. They are the three things that seem to be affecting the dairyman about as much as anything, but I think the number one is acetonemia.

Mr. J. C. WOODWARD (*Associate Director General, Research Branch, Department of Agriculture*): Mr. Chairman, gentlemen, this is an excellent question in that acetonemia and milk fever are two physiological disorders in dairy cattle that are of great consequence to the dairyman. There has been a great deal of research done around the world in acetonemia or ketosis. This is a physiological disorder that affects dairy cattle, where it is known as acetonemia, and in sheep it is known as ketosis. We have research in depth going in this field now with our Dr. Sawyer in the Animal Research Institute to get at the real reason. We have had some shotgun methods of treating acetonemia which have not, as Mr. Madill has stated, been satisfactory. We have, we think, a good program in finding out just why we have acetonemia, which will be basic to a practical solution. The work on sterility in the Department is in the Animal Diseases Research Institute and I think that will come in another part of the estimates.

Mr. BARRY: That will come up under the health of animals estimates, Mr. Madill.

The CHAIRMAN: Is that all, Mr. Madill?

Mr. MADILL: That is all for now.

Mr. SCHREYER: It is my understanding that the federal department of the research branch took the responsibility for carrying out basic research in plant and animal research, et cetera, for the provinces. On the other hand, the provinces were left the task of extension, that is to say, bringing the results of this research to the producers and to the farmers. Yet I have the impression that the federal Department of Agriculture does engage in a certain amount of extension service and that some of the provincial departments of agriculture engage in a certain amount of basic soils and crops research and animal research. So I would ask this; do you consider that there is any problem so far as overlapping or duplication of effort is concerned?

Mr. WOODWARD: This is, of course, a question which is raised quite often. I think, basically, when you ask if there is duplication, in general one would have to say, no, not substantially. The federal department does not engage in extension in the classical sense of employing agricultural representatives or district representatives or agronomes or this kind of thing. We do, as Dr. Anderson has said, engage indirectly in extension, by our people attending farm meetings or other discussions of this kind and by visits from farmers to our establishments. Also, of course, by the participation that we have jointly with the provinces in a wide range of recommendations with respect to such things as pesticides, fertilizers and so forth. Within this total area I would say, no, I do not think there is duplication on the extension side. Farmers of the provinces do it, provinces do it through their formal extension services and, to the extent that we are involved, it is usually with complete collaboration with the provincial organizations for the purpose.

On the research side, the research done in provinces is primarily by the universities rather than by the provincial departments per se. There are one or two exceptions to that. The Department of Agriculture in Ontario does engage in some research such as at Kemptville and Ridgetown. But, primarily, the research is done at universities. Here, in this area of total research, which is basically our department and the universities, with the large proportion of it still being in our department, we are, and I think with some degree of success, arranging co-ordination in this area as well. There are continuing discussions, formally and informally, between our scientific people and the people at the universities and we have a national organization which includes provincial deputies, myself, the deans of the colleges and senior officials, who meet to deal with these things. I think we are making some considerable progress in getting co-ordination in this direction.

I should add just one thing, and I think it is probably relevant to some of the questions which were asked earlier in connection with staff; we have this year instituted a program of providing financial assistance to universities for research in the universities—this, as a further tie-up between us.

Mr. SCHREYER: I would like to ask about research into cost of production. Is that under this branch or the economics branch?

Mr. WOODWARD: The economics branch.

The CHAIRMAN: Mr. Roxburgh, have you got a question?



Mr. ROXBURGH: This is a general question I would like to address to Dr. Barry. It has to do with the Experimental Farm at Delhi.

The CHAIRMAN: Mr. Roxburgh, we are supposed to be speaking on generalities. If you will notice on the list provided, these stations are listed and I think would be better if—

Mr. ROXBURGH: I take the stations in order?

The CHAIRMAN: I mean, when we get to the stations but we are not that far. But, if you would not delve into that—

(10.35 a.m.)

Mr. ROXBURGH: This is a general question that has to do with the farm itself. I understand there are going to be some improvements made at the experimental farm there and just so my western friends will know, it happens to be an experimental station on tobacco only. I was just wondering, Dr. Barry, what is being done; why is it being done; has it taken place yet or when will it?

Mr. BARRY: I think it is taking place and is in the continuing process of taking place. If you do not mind, Mr. Roxburgh, may I defer that question to Mr. Anderson and his associates in detail.

Mr. ROXBURGH: Yes, that will be fine.

The CHAIRMAN: Mr. Schreyer, a question?

Mr. SCHREYER: I have one more question. Is it in order to ask it at this time?

The CHAIRMAN: I did not realize you had any more. I should not have called on Mr. Roxburgh. I thought you had a point of order on Mr. Roxburgh's question. I thought it would have been in order if you had a point of order.

Mr. HERRIDGE: I have a point of order. I want to bring to your attention Mr. Roxburgh's very great difficulty in understanding the difference between general and particular.

Mr. ROXBURGH: Maybe Dr. Anderson will add to the answer now?

Mr. ANDERSON: I think I can answer it quite briefly. We are in the process of planning and will be probably building, I think next year, additional kilning facilities there. We also have to put in additional greenhouses and we are moving on the leaderhouse. On staff we have hired one more physiologist who is finishing up his Ph.D. and will come in shortly. We intended to move a very experienced tobacco entomologist who was familiar with the pest. Unfortunately, he died from a heart attack. We have not found a replacement yet. We have one other man being trained in the specialty of dealing with nematodes. He is currently at Vineland for training but is really working on tobacco. Both facilities and in staff, we are building.

Mr. ROXBURGH: In the facility end, when did you say that would be starting?

Mr. ANDERSON: There is a planning stage on both of those and I doubt whether we will get started in the present fiscal year.

Mr. ROXBURGH: Is the vine under way?

Mr. ANDERSON: It is under way but it is still in the planning stage. There is no hole in the ground yet.

Mr. ROXBURGH: Thank you very much.

The CHAIRMAN: I am very surprised, Mr. Roxburgh, that you have to ask these questions when this is in your area.

Mr. ROXBURGH: No comments from the Chair.

Mr. SCHREYER: In recent weeks we have heard a good deal about the comprehensive land inventories program that is to be embarked upon by the Federal and by some of the provincial governments. I would ask if the research branch or any one of its subdivisions is to be directly involved in this?

Mr. ANDERSON: This broad program, Mr. Schreyer, is under A.R.D.A., of course. Our research branch and our soil people, in our research branch, are very closely involved in this and participating in it fully.

(Translation)

The CHAIRMAN: Mr. Laverdière.

Mr. LAVERDIÈRE: A very brief question. Some diseases in some areas seem to reappear periodically every five, six or seven years, due to a worm destroying the leaves of maple trees in particular. Is it because of that kind of epidemiology? Do we inform these people about what they should do to protect their crop?

(English)

Mr. ANDERSON: I think we do. This is a very difficult area; the epidemiology of a particular pest has a tendency to create an epidemic for a year or two and then to fall off again. It is quite common. You see it in grasshoppers in the west; you see it, as you mention, in certain insect pests of trees. We had an outbreak of the army worms in Ontario last year. We try to get in, as frequently as we can forecast that these are going to happen and we can take steps beforehand to deal with them. If it is a small isolated local outbreak, I think we hear about it as soon as anybody and we normally put an expert in and get right at it.

Mr. RICARD: Does the federal government wait until there is a request from the provincial government to walk in or do you have authority to operate first?

Mr. ANDERSON: I think that co-operation in this area is excellent. I do not think—

Mr. RICARD: I know about the co-operation, but could you walk in first without the authorization of the provincial government?

Mr. ANDERSON: Yes, I am sure we can.

Mr. RICARD: Then you have final authority?

Mr. ANDERSON: No. We may make recommendations. I am not quite sure what you mean by final authority?

Mr. RICARD: Then who has, the provincial government or the federal?

Mr. ANDERSON: If I may, sir, this is not an area, I do not think, of legislative authority. It is an area of technical assistance and technical help so that I do not suppose it would be a question of constitutional or jurisdictional authority particularly, in that sense. Whether we, or a province, may engage or may become involved in a particular pest outbreak and do what is necessary—what can be done—to help people to control it, would depend to a considerable extent on our respective facilities in the area concerned. There may be areas, for instance, in Ontario that Guelph may be involved in and may have the expertise to handle a certain thing. Or there may be other areas where we would handle it with our facilities. This is about the pattern that is followed. I am clear, Mr. Ricard, on that. It is not, primarily, a question of jurisdiction. It is a question of making use of what facilities are available.

Mr. RICARD: I am asking some questions on this because several years ago, there was a kind of epidemic like this and before any action was taken, the provincial government was throwing the ball to the federal government and the federal government throwing it back and it was too late to take any action.

Mr. ANDERSON: I do not know the circumstances, sir.

Mr. RICARD: It was along the lines of what Mr. Laverdiere was saying. It was a kind of caterpillar that was eating all the leaves. In my riding a lot of damage was done before action was taken.

Mr. ANDERSON: I think Dr. Woodward could probably contribute something here.

Mr. WOODWARD: Mr. Chairman, an example of how we are operating in Saint Jean in Quebec might help at this point. The federal and the provincial people meet weekly. This is after they have already determined what their spray calendar recommendation will be for the year. Their fieldmen come in and indicate what has happened and whether their predictions are being carried out, or what might be a severe pest. Actually they put out a spray information program and a weekly so that, for example, in the apple industry, in Quebec, your producer will know exactly when he should apply his protection. This is what we try to do between us. It is not a jurisdictional matter but, a matter of the federal and provincial people coming together and pooling their information and getting on with the job.

The CHAIRMAN: I hope the Committee will excuse the Chairman asking a question. I was interested in what Dr. Anderson said about recruiting 52 new research people with Ph.D's. How many did you lose last year?

Mr. ANDERSON: About 50.

The CHAIRMAN: Some of the members asked questions about wages. Do you find that the facilities your research people work with are adequate? Would this be part of the reason you lose some of your people?

Mr. ANDERSON: That is a very pertinent question and I think that we would have to say that our stations vary considerably. We have a number of stations where we have rebuilt the facilities and we are continuing and have a continuing plan for rebuilding. For instance, we finished a very fine station at



Swift Current last year. We are finishing up at Vineland in Ontario and West St. John's in Newfoundland this year and we have a continuing program of updating our facilities. My personal feeling is that it is falling a little behind. I wish it could go a little faster but we have certainly excellent facilities at quite a number of our major stations and have a program for building up where we need it.

The CHAIRMAN: One other question I would like to ask, sir: there was a question on extension people. I, myself, feel very strongly that in agriculture one of the places where we fall down, whether this is strictly provincial jurisdiction or not, is on agriculture extension people to advise our farmers to visit our farms, not just by request of the farmer themselves. I have visited in many places in the United States, for instance, and they seem much further advanced in agriculture extension people than we do. I realize that the United States Department of Agriculture has much more authority and more money than we do in Canada, as far as state and federal jurisdiction are concerned compared to provincial and federal jurisdiction here, but do you feel any lack of extension, any need for further extension?

Mr. BARRY: I think it would be difficult for us to comment, Mr. Chairman, specifically there. As we have said, this is an area activity which is undertaken largely by provincial departments of agriculture. This is becoming clear and increasingly recognized by everyone that extension will become a more specialized thing than it has been in the past. As agriculture becomes more technical in its total operation, the requirements for specialized technical people and extension work increase and I think it is in this area that you probably have reference to.

The CHAIRMAN: This is what I meant, the scientific and technical assistance.

Mr. BARRY: Yes.

Mr. HERRIDGE: Mr. Chairman, I can speak from 50 years' experience, in the interior of British Columbia there has been excellent co-operation between the federal and provincial departments and in universities with respect to extension services.

The CHAIRMAN: I do not want to give the Committee the opinion that I think there is lack of co-operation but what I mean is that we may have the best scientific and technical information available, maybe in book form such as this. The common complaint or feeling that I get is that this information is not placed before the average farmer in a way that he can take advantage of. I feel that this service should be developed and we should get this information across even if we have to hire people who have a full knowledge of this district. They should be on the road 90 per cent of their time talking to farmers and advising them on the new scientific and technical advances.

● (10.50 a.m.)

Mr. ASSELIN (*Richmond-Wolfe*): Is this done in Quebec through the agronomes, which were mentioned before? Therefore, if there were any complaints of lack of contact or lack of information to the farmers between research

and the application of research through the agronomes, it depends on the quality or the calibre of the agronomes, does it not?

Mr. ANDERSON: We must carry our share of responsibility and of co-operating with them too.

The CHAIRMAN: I know what I think you would say, Mr. Asselin, if you do not mind my making another comment, as Chairman. Most of your agronomes or agricultural representatives are overworked now in our own area and they just cannot do any more. They do not have the time to go out in the country and visit these people. I am saying that we need more people to get across this information to all those people who are engaged in agriculture.

Mr. SCHREYER: Mr. Chairman, I have a question that relates to the animal research institute, and I do not put the question in a bantering manner. I would ask if there has been any public relations problem or if there has been any difficulty, in any way, with organizations like the Society for the Prevention of Cruelty to Animals or the Humane Society? Have they ever bothered people at the institute with requests to visit the premises and so on?

Mr. BARRY: I think, referring specifically to your question on the animal research institute, the answer would be no. I do not think there has been any impediment there at all. The Society for the Prevention of Cruelty to Animals obviously takes an interest in anything in which they may feel there are difficulties. There has been some question recently with respect to laboratory animals, guinea pigs, mice and dogs—dogs particularly—and there is, I believe, a committee looking into this in which the National Research Council and other departments are involved. But, specifically, there is no specific problem so far as the animal research institute is concerned.

The CHAIRMAN: Are there any further questions on animal research institute?

Mr. SCHREYER: A supplementary question, Mr. Chairman: to your knowledge, organizations such as these have never requested permission to nose around the premises?

Mr. BARRY: No. I am referring specifically to the animal research institute now, Mr. Schreyer. We run into this a bit more in our veterinary work and in our meat inspection work and in this kind of thing.

Mr. CROSSMAN: Insect control? Would that be within the—

Mr. BARRY: Yes, sir.

Mr. CROSSMAN: Do you do work on research in insects on spruce, such as budworms or is that done by the Department of Forestry?

Mr. BARRY: It is done by the Department of Forestry.

The CHAIRMAN: It is about time for us to adjourn. I know there are many more questions. Some of the members, who are not here today, told me they would not be able to be here on account of previous commitments they had made.

Mr. LEFEBVRE: Do you intend to continue this at the next meeting?

The CHAIRMAN: Yes, next Tuesday on research, if it is in agreement with the Committee and Dr. Barry and your people.

I want to announce one other thing to the committee members before they leave. You will notice there is a new man acting as Clerk of the Committee this morning. His name is Michael Kirby. Mr. Levesque has been transferred to the Veterans Affairs Committee. They are getting ready for their trip overseas. Mr. Kirby is taking Mr. Levesque's place. If any of you want extra copies of the proceedings or any information about a meeting, get in touch with the Clerk of the Committee.

We will continue this subject next Tuesday.

The meeting is adjourned.



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

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Respecting  
Estimates (1966-67) of the Department of Agriculture

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TUESDAY, MAY 17, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. C. Barry, Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research).

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin	Mr. Honey,	Mr. Olson,
( <i>Richmond-Wolfe</i> ),	Mr. Hopkins,	Mr. Peters,
Mr. Beer,	Mr. Horner ( <i>Acadia</i> ),	Mr. Pugh,
Mr. Berger,	Mr. Johnston,	Mr. Rapp,
Mr. Choquette,	Mr. Jorgenson,	Mr. Ricard,
Mr. Clermont,	Mr. Lefebvre,	Mr. Roxburgh,
Mr. Comtois,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Schreyer,
Mr. Crossman,	Mr. Madill,	Mr. Stafford,
Mr. Éthier,	Mr. Matte,	Mr. Stefanson,
Mr. Faulkner,	Mr. McKinley,	Mr. Tucker,
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Gendron,	Mr. Neveu,	<i>guay-Huntingdon-</i>
Mr. Godin,	Mr. Noble,	<i>Laprairie</i> ),
Mr. Grills,	Mr. Nowlan,	Mr. Yanakis—(45).
Mr. Herridge,		

(Quorum 23)

Michael B. Kirby,  
*Clerk of the Committee.*

## REPORTS TO THE HOUSE

TUESDAY, May 17, 1966.

The Standing Committee on Agriculture, Forestry and Rural Development has the honour to present the following as its

### FIRST REPORT

Your Committee recommends that its quorum be reduced from 23 to 15 members.

Respectfully submitted,

*Concurred in Thursday, May 19, 1966.)*

TUESDAY, May 17, 1966.

The Standing Committee on Agriculture, Forestry and Rural Development has the honour to present the following as its

### SECOND REPORT

Your Committee recommends that it be permitted to sit while the House is sitting to meet the convenience, amongst others, of the outside Officials of the Canadian Wheat Board and the Board of Grain Commissioners when they appear.

Respectfully submitted,

EUGENE WHELAN,  
*Chairman.*

*Concurred in Thursday, May 19, 1966.)*





## MINUTES OF PROCEEDINGS

TUESDAY, May 17, 1966.

(8)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.55 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Clermont, Crossman, Ethier, Forbes, Gauthier, Gendron, Godin, Grills, Honey, Jorgenson, Laverdière, McKinley, Matte, Moore (*Wetaskiwin*), Muir (*Lisgar*), Noble, Nowlan, Peters, Papp, Roxburgh, Schreyer, Tucker, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (27).

*In attendance:* From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research); Mr. J. S. Parker, Director General, Administration.

The Chairman read a letter to the Committee from the Co-ordinator of committees which requested honourable Members to be conscious of the proper use of the recording equipment.

The Chairman then read the Third Report of the Subcommittee on Agenda and Procedure which was as follows:

Your Subcommittee met on Monday, May 16, 1966, Mr. Whelan presiding.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Gauthier, Herridge, Laverdière, Muir (*Lisgar*) and Whelan (6).

Your Subcommittee is of the opinion:

1. That a recommendation should be made to the House that the quorum be reduced from 23 to 19 members.

2. Since the Committee will be hearing and examining such non-resident organizations as the Wheat Board and the Board of Grain Commissioners among others, that your Committee recommend to the House that it be allowed to sit while the House is sitting to meet the convenience of the officials of such organizations.

Mr. Asselin (*Richmond-Wolfe*), seconded by Mr. Muir (*Lisgar*), moved that the first recommendation of the Subcommittee be amended to read "from 23 to 17 members".

Mr. Forbes, seconded by Mr. Ethier, moved that Mr. Asselin's motion be amended to read "from 23 to 15 members".

The question being put on Mr. Forbes' sub-amendment, it was resolved on *division*.

The Third Report of the Subcommittee on Agenda and Procedure was carried as amended.

The Chairman informed the Committee that the Board of Grain Commissioners could not appear before the Committee before June 15, 1966, and that the Wheat Board would appear after June 1, 1966.

The Committee then resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67.

The Chairman called on the Committee to resume questioning of the witnesses from the Department of Agriculture on items 5 and 10.

At 11.00 o'clock a.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to 9.30 a.m., Friday, May 20, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*



## EVIDENCE

TUESDAY, MAY 17, 1966.

(Recorded by Electronic Apparatus)

● (9.54 a.m.)

The CHAIRMAN: We will start the meeting. First of all, I would like to make one or two comments before we get on to any business of the meeting. I will read you a note that was presented to us by the co-ordinator of the committees:

Almost all committee proceedings are now being recorded on tapes.

Some technical difficulties are being experienced in which we as Chairmen of the committees, can help in the following ways:

They want me to announce each speaker's name clearly so that it can be recorded. In some cases statements are being wrongly attributed because the voice of the speaker cannot be identified. Members, when speaking, should make sure they are speaking towards the microphone on the table. If necessary, move it so that it is in close proximity or in direct line with your voice. It also says, 'when statements are being lost, the speakers turn from their microphone or lean back in their chairs at the time they are talking'. If you will notice we have no reporter here and all the proceedings will be recorded on tape. So if you will watch these things when you are talking it will make a better recording of the proceedings of the meeting.

We had a subcommittee meeting last night and certain recommendations were made. Present were the Chairman, Mr. Asselin, Mr. Gauthier, Mr. Herridge, Mr. Laverdiere and Mr. Muir. We discussed the following: the size of the quorum and the hours the Committee might sit when non-resident organizations were before it. On the first motion by Mr. Asselin seconded by Mr. Muir, it was recommended that a recommendation be made to the House that quorums be reduced to nineteen from twenty three. I think we should deal with this one first.

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, I would like to suggest at this time, seeing the difficulties we have had this morning, that I move an amendment to my own motion to reduce that 19 to 17.

The CHAIRMAN: It has to be agreed by your seconder if you are going to use the same motion.

Mr. MUIR (*Lisgar*): Mr. Chairman, I would be willing to second that. Do I understand that I am on the original motion?

The CHAIRMAN: Yes.

Mr. MUIR (*Lisgar*): Our experience this morning shows that 17 would not be too few.

The CHAIRMAN: It has been moved by Mr. Asselin and seconded by Mr. Muir that this motion read: "That the quorum be reduced to 17 members from 23." Is there any further discussion?

Mr. FORBES: I move that we make the quorum 15.

Mr. ÉTHIER: I second it.

The CHAIRMAN: There is an amendment moved by Mr. Forbes and seconded by Mr. Éthier that the quorum be reduced to 15. Is there any discussion on the amendment that the quorum be 15. I am going to ask for a vote if there is no further discussion. All in favour of the motion that the quorum be reduced to 15. Contrary, if any? I declare the motion carried. Sub-amendment agreed to.

Since the Committee will be hearing and examining such non-resident organizations as the Wheat Board and the Board of Grain Commissioners among others, on motion of Mr. Herridge and seconded by Mr. Gauthier it was agreed that your Committee recommend to the House that it be allowed to sit while the House is sitting to meet the convenience of the officials of such organizations. Now, this does not mean that we are to use this authority just for our estimates; we will use it when we have organizations or official groups who come out, say, from Western Canada or some place else and they travel a long way to appear before the Committee. We are asking permission, if it is necessary, for this Committee to sit while the House is in session to hear these groups. Is there any discussion on this?

Mr. CROSSMAN: What is the possibility of unanimous consent in the House on this?

The CHAIRMAN: We are optimistic.

Mr. MUIR (*Lisgar*): It would be very undesirable to bring a group down, for instance, the Board of Grain Commissioners, to sit around Ottawa just to appear here for an hour and a half a day. If this were explained to the House perhaps we could get consent. I think that most of the members realize that the steering committee was pretty well represented last night.

● (10.00 a.m.)

The CHAIRMAN: We will only be sitting when some group such as the Wheat Board or the Board of Grain Commissioners or maybe the P.F.F.A. group appears before our Committee because we do not think it would be right to bring people several thousand miles to appear before this Committee and just probably sit an hour and ask them to wait another few days so they can appear before the Committee again.

Mr. CROSSMAN: I make this remark owing to past experience in the House. There are always the odd few who will not give consent.

The CHAIRMAN: Yes, but we think that this is a realistic request and if the Committee is in favour we will present it to the House and see what happens. All in favour of that motion? Contrary, if any? I declare the motion carried.

Motion agreed to.

That is all that the steering committee has to report. Dr. Barry, the Deputy Minister of Agriculture, has just informed me that the Board of Grain Commissioners can possibly be here June 16. Therefore, we can count on clearing from them sometime around that time.

Mr. RAPP: I thought we were to be through on the 15th.

The CHAIRMAN: No. They are going to be in Ottawa on the 14th and 15th and rather than have them make another trip back to Ottawa we are trying to arrange that they be before the Committee at the same time that they are here in Ottawa. Dr. Barry has not cleared it with them yet but he is hoping to make these arrangements with them ahead of time so that they can plan to be in Ottawa and appear before the Committee at the same time.

Now, I think that we are ready to start the discussion where we left off last Friday. When we adjourned the meeting last Friday we were on Animal Research Institute.

Mr. FORBES: Mr. Chairman, could I start it off this morning on a question. I do not know whether it is proper or not but there has been considerable discussion about feeding poultry litter to hogs. Has there been any research done along this line; is it feasible to feed this litter to hogs or has anything been done about it?

Dr. J. A. ANDERSON (*Director General, Research Branch, Department of Agriculture*): I do not think that we have any research in the branch at the present time on the feeding of poultry litter to hogs. We have been following the work that is being done, particularly in the United States, but we have not been carrying out any experiments ourselves.

Mr. FORBES: Would you care to express an opinion on it?

Mr. S. C. BARRY (*Deputy Minister, Department of Agriculture*): Might I, Mr. Chairman? The more precise interest of our department in this area probably lies in our health of animals and our veterinary operation, from the standpoint of disease control and this kind of thing. The investigations we are doing are centered more in the Health of Animals Branch than in the Research Branch in this particular aspect. I am sorry that I cannot give you precisely where this stands at the moment but the Health of Animals Branch have been and are continuing rather extensive studies on the effects of feeding poultry litter to cattle. I can certainly, Mr. Forbes, have more precise information on this when we get on to the Health of Animals Branch estimates. The work has been more in there than in the Research Branch.

Mr. FORBES: Could you tell us how they feed it? Do they just throw the litter into the hogs or do they process it somehow?

Mr. BARRY: No, I think it is processed, sir, I am sure I am right on this. I think it is processed and I think it is mixed with supplements and this type of thing. This is my recollection.

Mr. FORBES: Thank you.

The CHAIRMAN: Are there any further questions on the Animal Research Institute?



Mr. NOBLE: Mr. Chairman, I would like to ask Dr. Barry if the federal Department of Agriculture takes any responsibility in research in respect of fur farming?

Mr. BARRY: Yes, sir, we do have one fur farm research station in Summerside, Prince Edward Island. This has been the extent of it to the moment. Perhaps Dr. Anderson might deal more specifically with that but that is, in general, the situation as of now.

Mr. ANDERSON: This was originally a station that was established at the time when fox furs were popular and there was a big fox operation in Prince Edward Island. More recently the fox operation has died down and there have been very few foxes produced in Canada commercially and we have been working with mink down there. We still have foxes but our main work has been with mink and I think the principal project has related to a disease known as "wet belly" that affects the fur on the belly. It is quite a small station but I think it has been fairly effective.

Mr. NOBLE: Might I ask a further question, Mr. Chairman? Do you take any responsibility in doing any analysis on feed? There is much to be said about animals on fur ranches.

Mr. BARRY: We do, Mr. Noble, have a Feeding Stuffs Act under which we have considerable jurisdiction over various prepared feeds for livestock. I am not sure, and I would like to check on this, whether fox feeds or feed for fur bearing animals comes within the purview of our Feeding Stuffs Act. May I check on this, Mr. Noble, and let you know specifically?

Mr. NOBLE: Mr. Chairman, I would like to bring to the attention of the Committee an experience I had last year at which time I sent a sample of food to the department to have some research done on it with respect to the finding of diethyl-stilbestrol that was present and I got a negative test on a product that was positive. This was quite a consideration as 15 ranches were involved and eventually it wound up in a settlement of between three-quarters and \$1 million. I think that unless we have more efficient people doing this work something should be done about it because if we had not done some of this work through a private laboratory the people that were involved in this loss would have been holding the bag for this amount of money. I think that this should be looked into.

Furthermore, Mr. Chairman, I feel that something should be done about this Experimental Station in Summerside which is so far away from the centre of activity in respect to fur farming in Canada that it is almost obsolete. The work they are doing there is so insignificant compared to the money that is being spent that I think some change should be made. I would recommend that some investigation be made with respect to this station in Summerside with a view to having it moved to some point close to Ottawa, say, at Hull or somewhere close where more efficient work could be done.

Mr. ANDERSON: Mr. Chairman, may I deal with that question. We have planned to move the fur operation from Summerside to Ottawa. It is not too easy to do it promptly but we definitely have plans and these were brought to

he fore recently when we had a request to release some of the land we have at Summerside for housing for senior citizens down there. I think this will bring he thing to a head and that we will start up again in Ottawa.

Mr. NOBLE: I think that is a move in the right direction.

Mr. SCHREYER: I would like some information on the size of the operation here. How many full time staff have been appointed, et cetera.

Mr. ANDERSON: We have one professional man there, Dr. Gunn, and I think we have three supporting staff of technicians and a secretary.

Mr. SCHREYER: What is the budget?

Mr. ANDERSON: Pardon?

Mr. SCHREYER: What is the budget for the operation?

The CHAIRMAN: You are not coming through very clear, Mr. Schreyer.

Mr. SCHREYER: Mr. Chairman, I was asking as to the size of the budget.

Mr. ANDERSON: About \$50,000.

The CHAIRMAN: This is for the Summerside station? One thing that might be of interest to the Committee is to know how big an industry in Canada is the mink raising industry? Can you give that information?

Mr. NOBLE: I might say that the world production of mink is now 20 million pelts. Canada, the originator of this industry, is producing only 1½ million, so you can see that not enough interest has been taken in this industry by the powers that be at the top, to encourage more people and give better service to the industry here so that it could be promoted to something much bigger than it is at present.

Mr. ROXBURGH: What would that be in dollars?

Mr. NOBLE: Well, I might say while we are on the subject that we did import \$25 million worth of furs into Canada last year, a good bit of which could have been produced at home here. It is pretty hard, Mr. Roxburgh, to tell you exactly what this would amount to in dollars. I would say that you could estimate them at a value of approximately \$20 a skin for mink. Our production was 1½ million pelts so you can figure that it would run around a \$30 million industry.

The CHAIRMAN: Mr. Crossman, is yours a supplementary to this same line of questioning?

Mr. CROSSMAN: Yes, it is the same subject.

Is this station the only one of its kind in the maritimes?

Mr. ANDERSON: It is the only one of its kind under the Research Branch in Canada.

Mr. CROSSMAN: What is the percentage of furs raised in the maritimes?

Mr. ANDERSON: I would think it is relatively small.

Mr. NOBLE: Mr. Chairman, I might add that Ontario is the largest producer of furs of all provinces in Canada.

The CHAIRMAN: Thank you.

Mr. NOWLAN: The foxes in Prince Edward Island are pretty well over but there are mink in Nova Scotia, as Mr. Noble knows only too well.

The CHAIRMAN: Yes, I am sure that is so.

Now, Mr. Muir, have you a question on the same subject?

Mr. MUIR (*Lisgar*): No, it is not.

The CHAIRMAN: Any further questions on the problem of research in mink raising in Canada?

Mr. MUIR (*Lisgar*): Well, Mr. Chairman, I would like to ask Mr. Barry if there has been any research done on the feeding of pelleted hay in regard to the nutrition value over the ordinary cured hay?

Mr. BARRY: May I refer that to my colleagues?

Mr. ANDERSON: Yes, we have had work going on, on the use of pelleted feeds of various kinds and their advantages as compared with roughages.

The CHAIRMAN: There are advantages?

Mr. ANDERSON: There is a slick old problem. It is a question of cost versus efficiency and whether you do indeed take advantage of the not really improved nutrition, it is the uptake of the nutrients as a result of pelleting and the amount of feed that the animals will eat as compared with eating the roughage unpelleted.

Mr. MUIR (*Lisgar*): Do you find that the animals gain quicker with pelleted food?

Mr. ANDERSON: I think in general there is a greater uptake; there is a greater use of food with pelleting and this, of course, results in somewhat faster gain.

Mr. MUIR (*Lisgar*): Would you think that the use of this method would increase in Canada?

Mr. ANDERSON: I think it may, slowly.

Mr. MUIR (*Lisgar*): Could you give us the breakdown in the different costs in feeding an animal?

Mr. ANDERSON: We could produce the data for you.

Mr. MUIR (*Lisgar*): I wish you would.

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, you could say that I am waiting in anticipation of the remarks that come up concerning the feeding of litter to cattle. I have done quite a bit of visiting of other farms especially down in the States and I have some personal experience in this matter myself. I think that the Research Branch should do a great deal more research in this field. It has been proven to me anyway that it is quite effective and quite good. The mixture that I have seen is made by mixing approximately 1,500 pounds of litter with about 500 pounds of corn. This has proven quite good so far and I am just waiting until Mr. Barry gives us the information.



I would also like to ask Dr. Barry a question concerning the Charolais cattle that were brought into Grosse Île and put under 90 days quarantine. I have read an article, Dr. Barry, in the *Alberta Country Life* entitled "All is not well in the Charolais Camp". The person writing this article suggested that the cattle that were brought in here, were brought in for the sole purpose of selling quite a few of them to the United States, through the Canadian farmers. I would like to know if this was your experience. They say that this is, of course, not fair, not right. Have you any comment on this?

Mr. BARRY: We also have heard these reports. We have also heard reports of the specific people who were supposed to have committed themselves to sell their cattle to the States. We have checked this out at best we can. Of course, I have to make the observation here that the ownership of these is private and there is no compulsion on a man as to what he does with his cattle. But in the main, so far as we have been able to check out these suggestions, we are not able to find that they are very valid.

(10.15 a.m.)

There is one aspect of this that I think might be worth mentioning; there are cases where Canadians have purchased and owned these Charolais and specifically I am referring to bulls, where a part interest in the bull is owned by an American and that American will be taking semen from the bull for his use in the United States. But this does not involve ownership of the animal nor indeed does it imply that the animal will move to the United States. There is this factor, but in the actual circumstance of animals which will move from Canada to the United States as soon as they are through with quarantine, we are not able to find that this is significant. Now again, it is a private matter and cannot be completely sure.

Mr. ASSELIN (*Richmond-Wolfe*): Is it feasible, as was suggested by the organization, for a time limit to be imposed so that any person buying an animal does not sell it to the United States or another country for a period of a year or two or three or something of that nature? Would that not be feasible?

Mr. BARRY: Well, this suggestion has been made, Mr. Asselin, and it implies a principle of a restriction on livestock sales which runs rather at variance to the principle which has applied historically in our total livestock movement. Again, I have to say, sir, that the information we have as to the possibility of this happening is such that we do not think it is going to be very significant.

Mr. ASSELIN (*Richmond-Wolfe*): Then up to now you have not found anything that is very significant in this matter?

Mr. BARRY: Not that we have been able to find, sir, by inquiries of individuals who are concerned.

Mr. ASSELIN (*Richmond-Wolfe*): There is a possibility?

Mr. BARRY: There is a distinct possibility that some may move. I could not say that none will not move.

Mr. ASSELIN (*Richmond-Wolfe*): Therefore, this article could be justified.

Mr. BARRY: It depends, I would think on the extent, sir. The implication that there is going to be a large movement is wrong. I could not guarantee that there will not be one or two or three animals move. I do not know. On the other hand, I have no knowledge of any animals specifically which are going to move.

The CHAIRMAN: Could I just make a comment on this. If I understand this line of questioning right, the United States does not allow any importation of cattle from Europe. If they are imported into Canada and we use Canadian facilities to quarantine them, Canadian officials and doctors to check them, for 90 days, then American buyers can just use Canada and the Canadian facilities as an avenue to bring in European cattle, because cattle can be imported from Canada to the United States. Is this not right?

Mr. BARRY: The use of Canadian import quarantine facilities by American buyers is not at all new. Indeed, we are mentioning now importations from the continent of Europe. We have had, for a great many years, regular importations of cattle from the United Kingdom which can come into Canada through our quarantine facilities but which cannot come into the United States and American buyers quite freely participate in the importation of cattle that they want through our quarantine facilities and take them to the United States with the full knowledge of the United States' authorities. This is a standard practice.

The CHAIRMAN: Is there a charge to these people by the Canadian government?

Mr. BARRY: The standard arrangement with respect to importations is that all the cost of the importation, the cost of taking care of the cattle, tending them, feeding them and everything is borne by the buyer.

Mr. ASSELIN (*Richmond-Wolfe*): Who supplies the staff at Gros Isle where this quarantine is done?

Mr. BARRY: The additional staff as a result of the quarantine, sir—and you must remember that Gros Isle has other uses as well—has been one veterinarian. The attendants, the help, to look after the cattle has all been supplied by the importers themselves.

The CHAIRMAN: Is that all Mr. Barry?

(*Translation*)

Mr. MATTE: Mr. Tremblay, in the Department of Agriculture, I understand that the brother of Senator Tremblay had conducted research to produce pork that would be much more satisfactory to the consumer, and he seemed to have had very good results with his present experiments. I want to know how far this research has gone?

(*English*)

Mr. BARRY: No, I am not aware of any specific research that was done by Mr. Tremblay. Mr. Tremblay, indeed, was not engaged in the research field in our department. Mr. Tremblay was an officer of our livestock division in our production and marketing branch and I think that the circumstance to which you refer has to do with swine testing program, R.O.P. for swine, rather than with research.

The CHAIRMAN: Mr. Peters did you have a question? If there are no further questions on animal research we will move on to Entomology Research Institute. Are there any questions concerning this item? No questions? We will move on to the Food Research Institute.

Mr. GRILLS: Mr. Chairman, if I might go back, how many institutes do we have across Canada?

Mr. ANDERSON: We have six institutes in Ottawa and one at Melville and one at London; eight in total.

Mr. GRILLS: Thank you.

The CHAIRMAN: Are there any questions concerning the food research?

Mr. MUIR (*Lisgar*): There is one question, Mr. Chairman, that I would like to ask with regard to the finishing of beef. It has become a habit now of some of the chains to require that the farmer, I think it is done by a pellet in the ear, to break down the cells of the meat before it is slaughtered so that it is tender. Have you done any research on what this does to the meat itself, the food value? You can go up to, say, a Safeway Store and you can buy this tenderized meat. I have not seen this done but our neighbours who have prime steers say that before they are loaded for the slaughter house they are tenderized. I do not know how it is done. Personally, I cannot see any point in tenderizing prime beef. I am wondering what it does to the meat. Has there been any research on this?

Mr. ANDERSON: No, I do not think we have done any research in that area.

Mr. NOBLE: Mr. Chairman, may I ask a question of the doctor? Does your department not think that some research should be done in respect of what effect stilbestrol fed poultry and cattle have on human health. The reason I am saying this is that when we got into this stilbestrol fiasco last spring, this was so potent that it broke down the urinary tract of our mink and sterilized practically our whole herd. Now, if it will do this to mink what is it doing to humans who are eating this material. We know that there is some reason why we have an increased prevalence of cancer and so it must be something that we are doing different from what we did a few generations ago. Some of these things such as feeding stilbestrol food to our cattle and to our poultry and some of the things that Mr. Muir has mentioned must have some bearing on this trouble that we are experiencing in respect of our health. I think that the federal research branch should take the responsibility of finding out for sure if this is having any effect on the health of the people who are consuming this food.

Mr. BARRY: Mr. Chairman and Mr. Noble, this particular aspect of the human health implications of feeding stilbestrols, primarily is a food and drug activity. Before stilbestrols are permitted to be fed, whether it is implants or in the feed, to any animals, food and drug I think do take the responsibility of checking out the implications on human health and clear it. Because of the human health factor, this becomes a food and drug responsibility rather than an agricultural sphere of influence and application.



Mr. NOBLE: Well, Mr. Chairman, last spring when we had this trouble on our ranch, I inquired from the doctors who are members in the House of Commons, if they had any information in respect of what effect this might have on humans. There was not a doctor there who could give me an answer. They had no idea and they said that as far as they were concerned no research had been done on whether this material did have any ill effect on human health. I think this should be looked into thoroughly and soon.

Mr. MUIR (*Lisgar*): I have thought of a name that this one particular chair store uses. They call it "proten". You can buy a roast of "proten" and roast it and it just tastes like good boiling meat. It would fall apart; it is very tender. It seems to me that I am having a losing battle with the butcher in the place because I keep telling him that if the meat is any good in the first place it does not need this. He tells me I do not know how to cook it. I still think that properly aged, prime beef, is the right way to handle it and I would like to know what this "proten" does to the beef.

Dr. J. C. WOODWARD (*Associate Director-General, Research Branch, Department of Agriculture*): Mr. Chairman and Mr. Muir, live cattle, if they are treated, are usually treated with a tranquillizer rather than with anything to actually tenderize the beef. If an animal is excited prior to slaughter, you tend to get a little tougher meat, but the "proten" that you are discussing, sir, is an enzyme treatment of the meat after slaughter and it is a protelytic enzyme with which the meat is treated. This does not affect the nutritional value of the meat but I am in full agreement with you that anyone who has a taste for good beef just does not take naturally to a tenderized steak.

Mr. MUIR (*Lisgar*): There is a question I would like to ask and I know that the housewives are going for this because it does not matter how you cook it, it is still tender. What I am wondering is does it have some effect on the meat cells? Does it break down the cells when it is tenderized in this way? What is the effect it has on the meat?

Mr. WOODWARD: Mr. Chairman and gentlemen, a treatment with a protelytic enzyme is sort of a predigestion treatment. It does break down the meat and certainly low quality meat can be made very tender by treatment with a protelytic enzyme, after slaughter.

The CHAIRMAN: Are there any further questions on this subject?

Mr. PETERS: I would like to know what you intend to do with this business of stilbestrol?

The CHAIRMAN: Mr. Peters you will notice that we have no reporter and I am asking us to speak into the microphones, I know that it does not seem entirely proper not to look at the person you are talking to but—

Mr. PETERS: The problem is not only the stilbestrol in feed, but the abortive factor; stilbestrol is being used quite extensively for this now. I am sure that we should have some knowledge of the end result of the use of very heavy doses of stilbestrol as well as the short term one. I think that this whole matter should be given some immediate attention. I have talked to quite a number of people on this subject over the last four or five years and I find that very few understand anything about it, whether there is a residue, how long the residue lasts and what the effect is.

Certainly the problem that the mink rancher had was one that indicates that the residue stays much longer than we thought it did.

Mr. WOODWARD: Mr. Chairman and gentlemen, we have done research with both poultry and beef with stilbestrol implant and all of our research is done on the basis of a no-residue and all our recommendations for use are based on no residue in the edible portions of the meat. Of course, as Dr. Barry has pointed out, the final responsibility is with National Health and Welfare to be sure that we have a safe food supply.

Mr. PETERS: Do we really have facilities to know that there is not any residue?

Mr. WOODWARD: Yes, sir. We have assay procedures for stilbestrol or for estrogenic substances in food products.

Mr. PETERS: You used a big word, whatever it is. That field may change; it may not be in the form of stilbestrol, it may be in the form of something else. Are you saying that the problem they had with the mink was not the result of stilbestrol feed?

Mr. WOODWARD: No, sir, I believe the problem with the mink may have been the result of stilbestrol—I am sure it was—in the mink feed.

Mr. PETERS: Then there may be a residue.

Mr. WOODWARD: There has been, either where stilbestrol was used under quite the recommendations and in another case, I stated that the edible portions for humans of the carcass were on a no-residue basis. Now, some of the entrails of the animals which may have been used in mink feed in certain cases may have had stilbestrol residue.

Mr. BARRY: If I may interject, Mr. Chairman, and Mr. Noble probably has more precise information on this than I have, but my recollection of this particular case is that it may have involved the feeding of heads in which there have been implants which had not been totally absorbed.

Mr. NOBLE: No, Mr. Chairman, we have finally tracked this trouble down to the cereal. I am not going to mention the name of the firm; I am not going to report them any more than they have been hurt, but this food was manufactured at a plant in Woodstock, Ontario, where they also manufactured a steer feed. I do not think these people have told us the whole story, because it has been quite embarrassing for them but the story we were told was that they are blaming it on the employees there making a mistake by putting the stilbestrol in the mink feed rather than putting it into the steer feed. Now this is the story. Whether it was that they did not properly clean their mixing machine after mixing a batch of steer feed and there was enough stilbestrol remaining in there that was mixed into the mink feed, thus causing the trouble, we do not know.

But getting back to the matter of implants, is it not true that it is against the law to use implants in chickens in Canada? Is this not true?

Mr. BARRY: It is now. At one time it was permitted, I think, sir, but I think now it is illegal to use it.

Mr. NOBLE: I have another question, Mr. Chairman. I understand that the work done in cattle is done by an implant in the ear. Is this correct? It is also used in the cereal that is fed to the cattle? It is used both ways. Is this right?

Mr. BARRY: I think this is right, sir. With respect to the feed, I think the licensing arrangements and the control arrangements are that the feed cannot be fed prior to a certain time before marketing. I do not know the precise figures.

Mr. ROXBURGH: What inspection is there, Dr. Barry, to ensure that?

Mr. BARRY: No inspections as far as the Department of Agriculture is concerned. I think that as far as the Food and Drug is concerned, yes, there is inspection.

Mr. ROXBURGH: Is there a number one inspection or is it a hit and miss?

Mr. BARRY: I could not tell you, sir. I am sorry I do not know for certain.

Mr. NOBLE: Mr. Chairman, I might elaborate on that. This is on a voluntary basis and nobody knows how many people are recognizing this legislation. We feel that many people are feeding this to their cattle right up until a few days previous to their being marketed because when they see a good market, they are not going to say, "Well, I cannot offer these cattle tomorrow because they have been fed stilbestrol." The good market is going to be taken advantage of regardless of how long it was since they fed stilbestrol. This is where the problem enters into the picture. I might say too that there is a danger in feeding stilbestrol to our animals and I feel there is the same danger in feeding it to humans. I know a chap who fed the trimmings to his mink and he sterilized his mink from beef trimmings. Now, he feels that rather than putting the implant in the ear, the feed people had implanted it in their neck some place, which infected all the meat around that area. He fed the beef trimmings and he sterilized his herd with these trimmings from cattle on which stilbestrol had been used.

Furthermore, we know that there is some content from the cereal absorbed into the inner organs of the animals because we use the tripe and the lungs and various parts of the innards of the animals for our feed on our ranches. People have run into trouble from feeding tripe that has not been properly washed. Some stilbestrol has been clinging to this food and it was fed to the mink and they got into trouble in that way.

It seems to me that it might be good legislation to prohibit the use of stilbestrol completely for the feeding of any of the animals or poultry that we are using for food. I know that it would be rather frowned on by the beef producers, but after all we have the health of the people of this country to consider.

Mr. FORBES: Mr. Chairman, I was wondering if the doctor would explain the advantages to the feed producer, or whatever it is, of using stilbestrol whether it is the implant or the other form? Remember, that you are advised not to use it on heifers you are going to use for breeding. I wonder if the doctor could explain this affect on the animal. Why do they use it? Is it just a tranquillizer that will quieten the animal down so he will do better or what is it?



Mr. WOODWARD: Mr. Chairman, the advantage of use to the producer is an improved feed gain ratio.

Mr. PETERS: This is not a tranquillizer. I do not think that suggestion should be left with the Committee.

The CHAIRMAN: Dr. Woodward, could you deal with that?

Mr. WOODWARD: Yes, it is not used as a tranquillizer. It is used, as I said, to get an improved feed gain ratio; you get better gains through the same amount of food.

Mr. PETERS: Why? It is a female hormone, as I gather.

Mr. ANDERSON: It is the physiological effect on the animal that causes it to put on more weight.

Mr. PETERS: May I ask, Mr. Chairman, how extensively is this used as an abortive factor? It is my understanding that they are using it in the west in an almost identical procedure to castration for steers. It does not really matter whether the heifers have been bred or not. If you want to use this it is a fast abortive factor and eliminates the problem. It is being used widely in the states.

Mr. BARRY: I am sorry I have to plead ignorant, sir. I am not versed in this.

Mr. Chairman, there is one observation that I might make at this point. The whole question of feeding stilbestrol, in so far as the relationship of our department with it is concerned, is associated with the administration of the Feeding Stuffs Act. I would be very happy when we get on to that item on estimates, which is under the production and marketing branch, to have people here who can discuss our precise operations under the Feeding Stuffs Act with respect to stilbestrol, if that would satisfy the Committee.

Mr. NOBLE: Mr. Chairman, I would like to make one observation. Last spring when we had this trouble I went to the Minister of Agriculture and asked him if he had any information on it, or if he could get any information for me. He quite readily told me that in the west when they have a big herd of cattle running together and perhaps some bulls running with heifers, to make sure that none of these heifers go to market in a reproductive condition, if they have not been carrying a calf over 120 days, all they do is bring them in and give them one feed of stilbestrol and they are sure that there will not be any calves in those heifers. It is a very potent material when you can go that far and, in fact, I talked to a druggist and he told me that he knew of cases where it was being used by humans for the same purpose.

The CHAIRMAN: I think what Dr. Barry has suggested is that we proceed with this discussion when the—

Mr. BARRY: Under the Plant Products Division and the administration of the Feeding Stuffs Act.

The CHAIRMAN: May we proceed to some other type of discussion under the Food Research Institute. We are still on this; has anyone any further questions on this item? If no one else has I have one. I read in the *National Research Magazine* that they had perfected storage for vegetables. I think it said that we could store cabbage up to eight months and they would come out from the

storage as good as when they went in; the quality would be maintained. If this is true, is the Department of Agriculture working in conjunction with them? It could be a real boon to the vegetable growing industry in Canada, especially with products such as cabbage.

Mr. ANDERSON: Mr. Chairman, this relates to controlled atmosphere storage on which our institute has done a good deal of work both with regard to vegetables and fruit.

The CHAIRMAN: Are they making great strides in this?

Mr. ANDERSON: Well, it becomes again a question of economics, whether you can afford to put up the building and control the atmosphere. We know that if you do this you can get extended storage life for various products.

Mr. ROXBURGH: I am surprised, Mr. Chairman, you come from a vegetable area and you did not know that when they are doing it all around there.

The CHAIRMAN: I would only like to make this comment to the hon member that the Chairman is quite aware of some of the advances that are being made, but I do not pretend to be up on them all. I feel that if these advances are being made and I am not aware of them and they can be used by our producers, they should have this knowledge so it could be put to use for the benefit of all Canadians and not just the producers.

Mr. ROXBURGH: A very good policy.

Mr. PETERS: Mr. Chairman, could I ask one question. What work is being done in the development of new processes for cheese, for instance? We have developed in Canada Oka cheese which is now bought by Kraft and will be synthesized very shortly, I suppose. There are, no doubt, in various areas in Canada, slight differences in food, depending on what cattle eat, I suppose, but we should be able to develop in Canada a number of new cheeses and it seems that this is an exceptionally rapidly growing consumer commodity and it seems to me that we should be doing some work in trying to find as many different types of cheeses as can be produced in Canada. I find that most of the cheese factories have no facilities at all for doing this kind of research.

● (10.45 a.m.)

Mr. ANDERSON: This would be a type of development research; I suppose it could be undertaken. Our main interest in cheese, actually, has been in the flavour of cheddars made from pasteurized and non-pasteurized milk. All research on flavour is difficult because of the numerous components that are involved and the blends of these which produce the particular flavour.

I think that is the principal area in which we have been working with regard to cheeses, as it seemed to us to be one of the key problems in the Canadian field, particularly with regard to the possibility of exporting.

Mr. PETERS: Yes; but really this must have been solved twenty years ago. It was solved the day you started producing pasteurized cheese, in my opinion. The problem—and there is a problem—in the taste of cheese is between high flash pasteurizing and normal type of pasteurizing and unpasteurized cheese but this is a fairly uniform problem. It involves all cheeses under that kind of treatment.

What I am interested in—and it does not seem to me that it would be expensive—is for the department to do some pure research into the various types of bacteria necessary to develop completely new types of cheese. Certainly Oka is a different type of cheese from cheddar, yet they both come from milk; the process is the difference. Why cannot we, for various parts of Canada, develop uniquely flavoured cheeses?

Mr. ANDERSON: Mr. Chairman, I feel that the answer to this is that, in almost any area and relating to almost any crop or any animal that is produced in Canada, there are possible fields of research into which we cannot possibly go because we simply do not have the staff.

We have all the problems in Canada that they have in the United States; we grow all the crops with the exception of two or three major ones like cotton and peanuts; we grow all the animals; we have the poultry; we have their diseases and their pests; we have every thing else; but the possibility of putting in the facilities and having the manpower are comparatively small by comparison with the United States. We have to select what we believe are the main problem areas in which we think we can make some progress.

I have to admit quite frankly that I have never thought of the area which you mention as a possible area of developmental research.

Mr. PETERS: What brought this to mind was the gift that was recently made by the Black Diamond Cheese Company to their member, Mr. Grills, in which they had developed, using a basic cheddar, a number of uniquely flavoured cheeses. It seems to me that this could be extended much more widely than at present. The use of beer in aging, for instance, produces what is, to me, an exceptionally nice cheese; wine, of course, produces another kind. I was thinking more in terms of the bacteria that would produce a different type of cheese.

Mr. ANDERSON: It seems to me that in this country, as in many others, there has to be a distribution of research responsibility among government agencies, universities and industry and that, generally speaking, in the area that you are discussing and in many similar areas, it is the responsibility of industry itself to develop these products; and that, on the whole, we do fairly well.

Mr. PETERS: There is no doubt about it that Kraft will be able to develop them because of the facilities they have, but it certainly is not going to happen in a little cheese factory in my area. They are not going to stay in business if they have to compete, for other reasons, with just our basic cheese. With specialty cheeses they might.

I think this is true of many of the areas where we are eliminating a large percentage of our cheese industry, and every year we are importing greater and greater amounts of specialized cheese.

Mr. BARRY: Of course, Mr. Peters, we are also producing many of these specialized cheeses of foreign types in Canada. But I would just like to dwell for a moment on a point that Dr. Anderson made. In the cheese work we are doing, which has been devoted primarily to trying to find the specific ingredient that gives the aging characteristic to cheese made from raw unpa-



teurized milk, which disappears and is not there in cheese made from pasteurized milk—I really do feel that is we are able to succeed in this, if we are able to find the specific organism or ingredient or whatever it may be, then it could be put into pasteurized milk to give cheddar cheese the same quality as that made from raw, unpasteurized milk.

They are making a very substantial contribution to the Canadian dairy industry. This is where we have been devoting our efforts.

Now, as you say, sir, there are many other lines which we might be following and I have no doubt that you are right; but, as Dr. Anderson said, our resources are not completely inexhaustible or completely limitless. Therefore, this is the area in which we have been working, and I do think that if we succeed in this—and it has been very difficult—we will make a very substantial contribution to the cheese for which Canada is specifically known, namely, our aged cheddar.

Mr. PETERS: Well, doctor, I have no objection to that and I think you are perfectly right in saying that if we solve that problem we will have solved the problem of the six months' storage, which is a very expensive factor.

However, in relation to some of the other research that we do I would like to ask this general question—a nasty question, perhaps—but how much unnecessary duplication do we do in our research facilities? You mentioned that we are a small country compared to the United States. This is true, I think, of all the other countries of the world, but it seems to me that in the fields where Canada has been highly successful—and I think of the field of research into rust-prevention in grains, and some of the other strains of grain, to prevent some of the problems that developed through rust and weak stocks and this sort of thing—are we not in a position to give this to other countries of the world, who want to borrow this kind of research? Is there no international pool of research in all this field of preventative development—genetics, I suppose it is—and do we not do a lot of duplication for the purpose of training people rather than accomplishing anything? Is not a lot of this information freely available if we wanted to get it? And in return for that could we not supply our knowledge in the area of genetic development?

I think Canada is best known in the genetic field for its development of rust preventatives in grain.

Mr. ANDERSON: Mr. Chairman, I think that it is true that all science is free, and it is published. We certainly publish ours, and so do the United States and all other countries. All scientists publish their information. But these are highly technical fields. You mentioned one, the breeding of rust-resistant wheats and the related genetics. In order to make use of the results obtained in other parts of the world, you must normally have a small team of experts of your own in that field, because otherwise they simply will not be able to understand the literature. They will normally be doing some research themselves and keeping abreast of the advances that are made in other parts of the world.

In our work on genetics and the development of rust-resistant wheat, we took very great advantage of the work that was done in the United States, particularly at the University of Minnesota. We made certain advances in some

areas, they made advances in others, and when we put these two sets of information together we came out with the possibility of practical applications which were immediately exploited.

This is one of the problems that we face in organizing research in Canada, that if we wish to make use of the advances in other parts of the world, then in each specific area we must have a small team of our own who are able to take advantage of the knowledge that is gained elsewhere. We and other countries are doing this steadily.

I think there is some duplication in a number of these fields but it turns out that the rust-resistant varieties that we have developed for the prairies and Western Canada are not entirely satisfactory for, say, the plains of Siberia and Northern Kazakhstan in the U.S.S.R., and that generally you have to do your own breeding.

I think that in some areas it is much easier to transfer work from one place in the world to another. I am thinking possibly of the whole field of animal genetics which is a very slow and costly area of research by comparison with work on annual crops such as wheat, where you can very readily transfer the scientific advances that are made from one country to another.

Mr. PETERS: Could I ask another question? I do not know what the technical term would be, but do we have fellowships, or exchange scientists in other areas? Do we send people to the United States and the U.S.S.R. and to other more remote areas, on an exchange basis?

Mr. ANDERSON: We have a number of very well developed programs which enable us to bring in young scientists from other countries. This is the post-doctorate scheme which is operated by the National Research Council, and which we in the Department of Agriculture have been able to make some use of and which we hope to expand. At the same time we have men away on post-doctorate leave ourselves, that is, members of our own staff visiting key establishments sometimes for a period of a year, sometimes for shorter periods, in England, on the continent, in Australia and New Zealand. Our exchanges with the U.S.S.R. are also developed formally under the National Research Council which has its relations with the Academy of Science in the U.S.S.R. and we have been able to send a number of our people to Russia, normally for relatively short visits. It looks as if it will develop gradually into a freer exchange of scientists.

We feel, on the whole, that in Agriculture we have excellent relations with the U.S.S.R., in obtaining materials from them. I am thinking of, for example, the new varieties of sunflowers, which was a major advance they made and which they let us have very readily; and we send them seed material. There is quite an exchange, both of scientists and scientific knowledge, and of materials as well.

Mr. PETERS: In this field of research, have we considered our facilities sufficiently advanced, or broad enough, to allow an exchange as a contribution from Canada to under-developed countries, as well? I am not necessarily thinking of this at the scientific level but at the practical level. Have we been able to supply people for this work? Are we sufficiently advanced in this research field that we can afford to help other people?

Mr. ANDERSON: In some areas, particularly; for instance, we have had soil surveyors, pedologists, who want to help set up a system in one of the developing countries. We have sent an entomologist and a technician over to deal with a specific problem and he stayed there a year. We have people on leave of absence working with F.A.O. We probably have about 12 of our staff, or ex-members of our staff, now working with F.A.O., and they are mainly working with developing countries.

We have also had members of our staff who had retired—who had been gone for years—who have helped to get some particular type of work started in one of the developing countries.

The CHAIRMAN: We will have to adjourn the meeting now because it is 11 o'clock and another committee is taking over this room.

We will meet on Friday morning at 9.30.

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, could I suggest that on Friday morning you indicate to the Committee before each proceeding what sections we have passed and what section we are discussing? I think it would be advantageous to the members and would obviate the reading of the minutes.

The CHAIRMAN: If you have followed what was said today and what was said at the start of the meeting, I think it is apparent that we always try to do that.

The meeting is adjourned.

## OFFICIAL REPORT OF MINUTES OF PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,  
*The Clerk of the House.*



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

# Agriculture, Forestry and Rural Development

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

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Respecting

Estimates (1966-67) of the Department of Agriculture

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FRIDAY, MAY 20, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. C. Barry, Deputy Minister;  
Dr. R. Glen, Assistant Deputy Minister (Research); Dr. R. A. Ludwig,  
Director of Administration, Research Branch; Dr. J. C. Woodward,  
Associate Director General, Research Branch.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Herridge,	Mr. Nowlan,
Wolfe),	Mr. Honey,	Mr. Olson,
Mr. Beer,	Mr. Hopkins,	Mr. Peters,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Pugh,
Mr. Choquette,	Mr. Johnston,	Mr. Rapp,
Mr. Clermont,	Mr. Jorgenson,	Mr. Ricard,
Mr. Comtois,	Mr. Lefebvre,	Mr. Roxburgh,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Schreyer,
Mr. Éthier,	Mr. Madill,	Mr. Stafford,
Mr. Faulkner,	Mr. Matte,	Mr. Stefanson,
Mr. Forbes,	Mr. McKinley,	Mr. Tucker,
Mr. Gauthier,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gendron,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Godin,	Mr. Neveu,	<i>guay-Huntingdon-</i>
Mr. Grills,	Mr. Noble,	<i>Laprairie</i> ),
		Mr. Yanakis—(45).

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## ORDERS OF REFERENCE

THURSDAY, May 19, 1966.

*Ordered*,—That the quorum of the Standing Committee on Agriculture, Forestry and Rural Development be reduced from 23 to 15 members.

THURSDAY, May 19, 1966.

*Ordered*,—That the Standing Committee on Agriculture, Forestry and Rural Development be permitted to sit while the House is sitting to meet the convenience, amongst others, of the outside officials of the Canadian Wheat Board and the Board of Grain Commissioners when they appear.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House.*





## MINUTES OF PROCEEDINGS

FRIDAY, May 20, 1966.

(9)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.45 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Choquette, Clermont, Comtois, Crossman, Forbes, Gendron, Godin, Honey, Horner (*Acadia*), Johnston, Jorgenson, Laverdière, Lefebvre, Matte, McKinley, Moore (*Wetaskiwin*), Olson, Peters, Rapp, Roxburgh, Stefanson, Whelan, Yanakis (24).

*Also present:* Messrs. Winkler, Southam and McCutcheon.

*In attendance: From the Department of Agriculture:* Mr. S. C. Barry, Deputy Minister; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director, Administration Research Branch; Dr. R. Glen, Assistant Deputy Minister (Research); Mr. C. B. Grier, Director, Property and Finance.

The Chairman reported to the Committee that the House had concurred in both the First and Second Reports of the Committee on Thursday, May 19, 1966.

The Committee then resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, Items 5 and 10.

The Chairman noted that the Livestock Division of the Department of Agriculture had prepared a memorandum Re: *The Comparison of "A" and "B" Hog Carcasses* at the request of Mr. Jorgenson and asked the Committee what they wished done with it.

On motion of Mr. Clermont, seconded by Mr. Asselin (*Richmond-Wolfe*),

*Agreed,—That the Memorandum Re The Comparison of "A" and "B" Hog Carcasses*, prepared by the Livestock Division of the Department, be printed as an Appendix to the Proceedings and Evidence of this day. (*See Appendix "I"*)

At 11.00 o'clock a.m. the questioning of the witnesses continuing, the Chairman adjourned the Committee to 9.30 a.m., Tuesday, May 24, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, May 20, 1966.

● (9.34 a.m.)

The CHAIRMAN: I will call the meeting to order. Gentlemen, we have a quorum. Our quorum of 15 was approved by the House yesterday. We also have approval to meet while the House is sitting when we are able to hear from different groups such as the Grain Exchange, the Wheat Board, or any other group that may be in Ottawa, rather than make them wait until the next day. We have permission from the House to meet with these people, rather than have them sit around and wait until the House is not in session.

We will continue with Items Nos. 5 and 10 of the Estimates on Research and, if I remember correctly, we had gone as far as the Food Research Institute. Has anyone any more questions concerning the Food Research Institute?

Mr. CLERMONT: Mr. Chairman, in what directions were researches made for dairy products?

Mr. WOODWARD: Mr. Chairman, at our last sitting we discussed our research on cheddar cheese and cottage cheese. We have a group of sections of approximately six research officers in our food research institutes who are studying the dairy products from the standpoint of sanitation and processing.

Mr. CLERMONT: Why is this?

The CHAIRMAN: Mr. Clermont, before we go any further, I suggest you make sure that you talk into the microphone. We do not have any reporters here today; and everything is being taken down on tape.

Mr. CLERMONT: Where is your research institute on dairy products?

Mr. WOODWARD: Mr. Chairman, it is located at the Central Experimental Farm in Ottawa.

The CHAIRMAN: Before we proceed, I would like to say that I made one omission here, and that is with respect to the introduction of the officials. I should point them out for anyone who is not aware of them, and give their seating arrangement. First, we have Mr. Barry, the Deputy Minister of Agriculture; second is Dr. Woodward; third is Dr. Ludwig, Director of Administration, Research Branch; fourth Dr. Glen, Assistant Deputy Minister of Research; and fifth Mr. C. B. Grier, Director of Property and Finance.

Mr. HORNER (*Acadia*): I understand, Mr. Chairman, that the subject of putting additives to meat was discussed by this Committee in the last proceedings. Am I right?

The CHAIRMAN: Yes.

Mr. HORNER (*Acadia*): Then I have another question. A number of years ago an official of the Department of Agriculture suggested to me that mutton was being used along with beef blood for the purpose of turning out a kind of hamburger. I would like to know whether this is possible, has anyone in the Department looked into the feasibility of this, and is it being done?

Mr. BARRY: I am sorry, Mr. Chairman, but I cannot answer that question specifically. Our association with the preparation of this kind of material would be more in the meat inspection operation of it under the Health of Animals Branch. If you wish, Mr. Horner, I could make sure that your question is dealt with when it comes to the Health of Animals Branch vote, or I could get the information for you. But I am sorry, I do not have it at the moment.

Mr. HORNER (*Acadia*): There has been no research into the feasibility of this?

Mr. BARRY: No, sir, there has been no research.

Mr. HORNER (*Acadia*): I would like you to get the information later on, perhaps. However, before we pass it altogether, can you tell me whether there is any way, under this heading, in which the Department actually examines food on the market such as I suggested, namely hamburger that may well be made of mutton with beef blood added?

Mr. BARRY: Our authority and responsibility with respect to meat foods on the market, in the sense of the type of thing to which you are referring, sir, comes under the Meat Inspection Act, and applies to our jurisdiction over meat packing plants which are under federal inspection. So at the processing level, yes, we do have standards, in that certain things are permitted and others are not permitted. We do not carry that through, at the retail level, but I should say that in matters of this kind our standards usually are in conformity with the Food and Drug Directorate of Health and Welfare. The responsibility of carrying out these standards in total on the retail level would be done by the food and drug department. If there are certain products put up in plants which do not come under our inspection, then they would be dealt with by food and drug at the retail and consumer level.

Mr. HORNER (*Acadia*): The only actual thing which the Department of Agriculture deals with in meat inspection is the slaughtering of the animals, and not necessarily the processing?

Mr. BARRY: Oh, yes, sir, we deal with the processing as well, within inspective plants, Mr. Horner.

The CHAIRMAN: Is that all, Mr. Horner?

Mr. HORNER (*Acadia*): Momentarily, yes.

(Translation)

Mr. MATTE: I am told that butter produces cholesterol in the blood and brings about heart disease. Therefore I am told that doctors forbid their patients to eat such butter. But I am told that there are countries where more butter is eaten than here, and yet they have less heart disease. And I am

inquiring whether there have been any investigations into this matter, since this might affect butter production. (The question concerns cholesterol)

(English)

Mr. BARRY: Mr. Chairman, the question of the cholesterol factor in animal fats is affecting humans, and the assumption of heart diseases being caused by that is not one in which the Department of Agriculture directly has done any research. This is work in the medical field rather than relating to the agricultural field. Mr. Woodward may want to add some remarks to that broad statement.

Mr. WOODWARD: I think, sir, that the evidence in the medical field is that in the normal individual the utilization of cells such as cholesterol is not actually enough to upset the metabolism in these individuals who wish to cut down the intake of cells. Any evidence which has come to our attention has not cast any reflection on butter as a food for the normal individual who is not under medical care for some physiological disorder.

The CHAIRMAN: Are there any further questions?

Mr. MOORE (*Wetaskiwin*): Medical evidence now seems to show that cholesterol is not harmful to normal people, but yet it is widely believed across the country and, possibly further than that, that cholesterol is harmful as far as the heart is concerned. Would it not be feasible for the Department to see that this information is published to the general public? I know from experience that this subject has done the dairy industry a great deal of harm, especially a few years back. The butter consumption went down rather drastically when this belief was first general, and possibly it still affects the sale of butter. Could the federal department not see that this information is passed on to the public?

The CHAIRMAN: You are asking, Mr. Moore, that our research department, a branch of the Department of Agriculture, issue statements on all the information they have concerning the effect of butter?

Mr. MOORE (*Wetaskiwin*): This information would have to be obtained from the medical men, of course, for that purpose.

Mr. BARRY: Mr. Chairman, I think that Mr. Moore and ourselves are on all ours concerning the need and, indeed, the importance of making sure that the consuming public have a complete understanding of this matter. It is a rather touchy subject; medical information and medical opinion vary in this area, as in everything else.

We would very much like to come up with something which we believe would be authentic and which would carry the support of the medical profession in this field. Perhaps we have not done enough; perhaps we should be doing more. As a matter of fact, I know that the National Dairy Council, at the present time, are having discussions with the dairy industry on this particular point with regard to the best way of approaching it.

However, we have to bear in mind that as agriculturists we are in a rather delicate position if we presume to make statements when we do not have the endorsement of the medical profession, and can be challenged by them. I think, rightly or wrongly, we have had a tendency to avoid controversy in this field



because the more controversy there is, the stronger is public attention. There are periodic splurges of publicity with respect to the cholesterol factor which do have an impact, and we probably have tended to play this down rather than build it up because of this factor. But I agree completely with the desirability of very factual information being made available to the Canadian public.

Mr. MOORE (*Wetaskiwin*): What bothered me were statements made that did not seem to make sense. Yet it did affect the sales of dairy products.

Mr. JORGENSEN: I have one question, Mr. Chairman. It is in relation to the development of the process of freeze-drying of foods. I recall that this was considered a breakthrough in food preservation three years ago, and I have heard nothing about it since. I wonder if Dr. Woodward could bring us up to date on what developments have taken place in this process?

Mr. WOODWARD: Mr. Chairman, we have an active program in the food research institute on freeze-drying, and the principles of freeze-drying have been well worked out, sir. There are some engineering bugs to reduce the cost of freeze-drying to a point where freeze-dried foods can compete with foods preserved in other ways. We have a food product development section in our food research institute, and one of the important projects in that section is based on preparing new products and new ways of preparing old products from agricultural crops. Another project directed by quite a distinguished scientist is involved in the adaptation of freeze-drying to a spectrum of agricultural crops and in efforts to iron out some of the engineering bugs from the cost standpoint in order to reduce the actual cost of the production of freeze-dried foods.

Mr. JORGENSEN: The only reason why this process has not had wider acceptance and is not in more general use is a competitive economic one?

Mr. WOODWARD: Yes, sir.

Mr. ROXBURGH: Would that have anything to do with the betterment of the flavour of frozen foods?

Mr. WOODWARD: No, sir, I do not think it would improve. We are comparing products in freeze-drying with dehydrated foods that are dehydrated with heat. The advantage of freeze-dried foods is that they retain most of the flavour of the original foods or frozen foods. The big advantage in freeze-drying foods over frozen foods is the cost of packaging and storage.

Mr. ROXBURGH: Is there much that has been done, now that we are talking of frozen foods? Have there been any experiments carried out and what results have we had in improving the flavour of frozen foods, especially after a period of time? I am thinking of frozen fish, for example.

● (10.00 a.m.)

Mr. WOODWARD: Mr. Chairman, we are continually improving our methods of freezing; for example, the rate of freezing which determines the size of the ice crystals; the rapidity of cooling and freezing to retain the original flavours of food. I think it is true that any food prepared by any process has a storage life after which the flavour begins to deteriorate, whether it is canned foods, or frozen foods.

The CHAIRMAN: Are there any further questions on food?

Mr. PETERS: What work have we done in research on new trends in immunized milk? The former Minister of Agriculture was quite interested in this. In fact, we had a number of clippings from magazines where they had, by special process, been able to develop milk that was immunized for some children's diseases, and they thought this might go much further. Did they get anywhere on that?

Mr. WOODWARD: No, sir, I haven't any information on this. There are new processes for milk-treatments which give it an almost indefinite shelf-life for storage, and we have one industry in Eastern Ontario that has this. There has been some research done in this field on milk—the milk was actually a carrier; I understand they were selling it in Canada. There was a small importation of immunized milk—

Mr. PETERS: What work has been done in this field?

Mr. WOODWARD: The work we are doing in the milk field is being done under our actual research program and there is some work being done at the University of Alberta.

Mr. PETERS: Has the work got to the stage where we now have regulations on this, not necessarily on sterile milk; but sterile product storage in different forms? For instance, beer—do we do research into this, too?

Mr. WOODWARD: In our department we don't do research on beer, but the Food and Drug Act of the Department of National Health and Welfare applies to sterile milk products and to articles produced in any manner, as regards the purity of the product and the sanitation of the product be held back—

Mr. PETERS: But you haven't done any research on it.

Mr. WOODWARD: Not on beer, no.

Mr. PETERS: But it would be the same process with milk as with beer. Multi-milk, for instance, is a sterile food process. I mean, it is a very important field. It is probably the only break-through in the last twenty years in the storage of agricultural products. Should not we be doing some research?

Mr. WOODWARD: I think it is a good deal—

Mr. PETERS: Should not we be doing at least enough to know what products are being sold and what is the effect they have? For instance, Multi-milk will sit on a shelf without refrigeration for a week probably, and it sometimes rots before it spoils—or it may rot before it goes sour.

Mr. WOODWARD: Well, Mr. Chairman, we have not done any work on milk, but we have done work on storage and shelf-life and producer products; for example, we have a spectrum of dried potatoes, turnips and potatoes and meat, where actually the Canadian Government has taken up patents on these products. There is a great deal of interest in them. This is one example—a companion area that we are working on.

Mr. PETERS: How far have we gone into this sterile meat storage? The theory is that if it is completely sterile and in a wrapping, you could sit it on a

shelf without refrigeration for a period of time, which is pretty important. How far have we gone in research in this field?

Mr. WOODWARD: Well, in the world there has been considerable research, for example, in using a source of radioactivity in the sterilization in meats. We have done some work in Canada in this area, in co-operation with Atomic Energy of Canada. Unfortunately, we got a flavour reversion in products. To take the example of using a source of radioactivity for sterilization, that lowers the palatability of the product, generally, to the point where it is not acceptable.

Now, there have been exceptions. In the United States I believe there is a process for treating bacon in this way. This is another way of prolonging the shelf-life of the product.

Mr. PETERS: Mr. Chairman, it would be very nice, I agree if we go into some of these problems, but it is probably a terrifically expensive field of research, and it is being duplicated elsewhere.

What facilities do we provide to be operated by Food and Drugs with regard to the health factor? Do we do enough research into them to tell exactly what happens? You are treating potatoes—and this is a fairly wide commercial application of radio activity—to provide a certain amount of sterility. I presume the Department of Food and Drugs does not have the facilities to test this?

Mr. WOODWARD: There has been a lot of work done on this area, Mr. Chairman, by research workers generally in the world, and there is good evidence that there isn't any way of creating hazard to the consumer by treatment of a food product with radio-active soil, and we have one real expert in this field, who is Dr. Thatcher of the Food and Drug Directorate of the Department of National Health and Welfare.

Mr. BARRY: Mr. Chairman, on this particular point I think that Dr. Glen may be able to contribute something.

Mr. GLEN: I might say, Mr. Chairman, that some effort has been made to co-ordinate this field of work. For instance, there was a committee recently set up—I would say about two or three months ago—with representatives from our Food Research Institute, from the Fisheries people, from Health and Welfare, from Atomic Energy, and this is an advisory group on the very point that is being raised. In other words, this group meets periodically to say, "To what uses can we put atomic energy to work for us?" Then they examine it from the standpoint of its possibilities, agriculturally or in fisheries, or from a health standpoint and so forth. A co-ordinating committee has been set up in this area.

The CHAIRMAN: One question that I would like to ask—and it stems from what you said, Mr. Peters,—I remember being in Germany about three years ago and on the CBC program they mentioned that they had whole milk in England that needed no refrigeration—it will keep for months. When we were in Germany this milk was in something like pop bottles, and the store gets its supply for a whole week, or two weeks, and it stays the same all the time in the bottle. Is this what you are talking about Mr. Peters?



Mr. PETERS: It is a completely new field. This is why I asked, I am not really sure we should be doing research. I don't know what the patent arrangements are in other countries. Perhaps we could just borrow them.

What bothers me is that a thing like multi-milk comes into Ontario. I am not too familiar with the process, but it is a pure milk product which has had the water reduced by a process, and it is also sterilized to quite an extent; it can be shelf-stored, not for any great length of time, but temporarily. Now, this didn't fit into the category of manufactured milk, and therefore it didn't come under those regulations; it didn't fit into the field of fluid milk, and therefore it didn't come under those regulations; and the Province of Ontario and the Milk Board just allowed this product to go its own merry way because nobody knew who owned it or controlled it; and they didn't have regulations to be concerned about. I think, at least from the consumers' point of view, somebody has to be concerned. There are limitations, and maybe it should be labelled to indicate that it rots rather goes sour, in some cases. This is a factor that should be known—what dangers there are and what bacteria can be carried in that type of milk.

Mr. BARRY: I think, Mr. Chairman, this is an illustration of a point which has been made in previous discussions in this committee, that we cannot do all research. I mean we rely on research done elsewhere as others rely on research that we do.

I think this is probably the case to Multi-milk, and, indeed, I think it is now a question of whether it is going to be classified as condensed milk for the purposes of the provincial authorities.

It is a "sticky" field in this particular instance which Mr. Peters mentions.

Mr. PETERS: The other problem which I would think should be looked at is this matter of the importation of milk that has been specially treated by exposing it to certain bacteria. In this particular case, it was for the treatment of arthritis and rheumatism, I believe, and they were importing a certain amount of milk into Toronto and Montreal from New York City, where there is a laboratory.

I would think that our Department should have a look at some of the circumstances involved here. This milk carries a very potent factor, probably beneficial, but it is still something we should know enough about or have had at least enough research on, to know what regulations should surround it, otherwise we could be in the position of having Food and Drugs saying that they cannot import it.

Mr. BARRY: I have to apologize for not being personally familiar with this, but I will get the information with respect to it Mr. Peters.

Mr. CHAIRMAN: Are there any further questions on the Food or Research Institute?

If not, we will move on to the next subject, the Micro-biology Research Institute. Are there any questions concerning this? There appear to be no questions concerning this.

Are there any questions concerning the Plant Research Institute?

Mr. HONEY: Mr. Chairman I want to ask a question. I know this is a topic which the Department has had under consideration for some years, and I have discussed it with the officials. It is on the matter of grey tobacco. I wonder if Mr. Barry could tell us what progress, if any, is being made in the research into this problem with tobacco.

Mr. WOODWARD: Mr. Chairman, grey tobacco is a problem, and the progress that we have made so far is we have eliminated the possibility of anything pathogenic—of there being a disease of any kind. It is a physiological disorder, and we have research going on now at Delhi to study the effects of the various elements in the plant, which may bring about this condition of grey tobacco. It is not a simple disorder, sir, that is caused by any one balance or relationship of nutrients, at any one location.

● (10.15 a.m.)

Mr. HONEY: Has your research progressed to the point where you can relate it to anything specific, such as soil, weather conditions and so on?

Mr. WOODWARD: We have not consistently been able to relate it to any one particular set of circumstances.

Mr. HONEY: Your research is progressing actively?

Mr. WOODWARD: Yes.

Mr. HONEY: Thank you.

Mr. HORNER: My question, concerning plant research, has to do with alfalfa and the question of bloat in cattle. It seems to me that a year or two ago the protein causing bloat in alfalfa was isolated. Has there been any success in the research department with regard to producing a variety of alfalfa with a lower amount of this protein factor which, they stated, caused bloat.

Mr. WOODWARD: Well, Mr. Chairman, we have isolated this protein which is called F-18, and we have established a definite cause of causative correlation between the present level of this protein and a bloat, and the step that we are pursuing now is trying to select, within alfalfas—and so far we haven't run into any great range of this protein in alfalfa—is studying the level of this protein in other legumes which might be used as an alternate to alfalfa in the pasture program.

Mr. HORNER: The same proteins in clover, for example, or would it be the same protein that could cause the bloat, or would there be another protein—

Mr. WOODWARD: Certainly the protein F-18 occurs in clover.

Mr. HORNER: And, as yet, you have found no other forage crop replacement with a lower amount of this protein in it?

Mr. WOODWARD: Well, Mr. Chairman, we have the forged legume pasture bird's-foot trefoil which has no bloat-producing properties.

Mr. HORNER: How wide an area is bird's-foot trefoil recommended for forage production? I mean will it grow successfully, for example, in Southern Alberta, as well as in the inner areas of British Columbia and all other parts of Canada?

Mr. WOODWARD: Mr. Chairman, bird's-foot trefoil is a difficult legume to get established. It does not compete well in the first year and the second year seeding, with weeds and other grasses and crops that come in. This is the disadvantage. Alfalfa is a wonderful legume in that it is a very high-producing one, and we don't get the total production from bird's-foot trefoil that we do from alfalfa. This is why we are interested in multi-use of alfalfa, simply because it is a wonderful yielder over a wide very wide area in Canada.

Mr. HORNER: Even the feeding of a great deal of alfalfa hay will cause bloat, although not nearly as quickly as lush alfalfa pasture, but is there any easibility of killing or deadening the effect of this protein by some process in the hay, after it is cured? Do you follow me?

Mr. WOODWARD: Well, Mr. Chairman, anything is possible. I do feel that our breakthrough in this is more apt to come from our plant breeders developing alfalfa with low growth-producing tendencies than from having a process with which we are going to treat the crop to prevent growth, which would add to the expense, too.

Mr. HORNER: One other question on this subject: What would be the comparison in food value between alfalfa and bird's-foot trefoil.

Mr. WOODWARD: Bird's-foot trefoil is a very excellent product, particularly the pasture crop, and it fully equals alfalfa in food value.

Mr. ASSELIN: I would like to know if this factor F-18 is found in grasses other than alfalfa?

Mr. WOODWARD: We have not had a problem with bloat except in alfalfa and clover; and our studies so far have not shown F-18 a factor related to bloat in grasses where we haven't had bloat.

Mr. BARRY: Mr. Chairman, I would like to interject here, if I may. I think this particular subject of bloat is illustrative in the way of what happened in research. The first step was to find the causative factor. I mean, this had to be done before we could progress from there. This we have now succeeded in doing. The next step now is to find a way to eliminate it from the plant. These things obviously are not resolved immediately, as we all know.

I think that Dr. Woodward has expressed our philosophy on it, that, now knowing the causative agent, now knowing what does cause bloat, the most likely next breakthrough by the plant breeders to deal with it will be to find some way to breed varieties that will be low in this particular factor. This is the usual experience in this kind of thing.

Mr. CHAIRMAN: Mr. Moore has a question.

Mr. MOORE: I would like to ask if there is any truth in the theory that providing rough-edged grasses along with alfalfa will prevent bloat? The theory is that the gases from legumes are not expelled by the cow while feeding, because there is no tickling agent. This is a theory I have seen published. I know it sounds funny. This is a theory I have seen in an agriculture article. And it is common practice—not to plant straight alfalfa for pasture. Have you heard anything about this?



Mr. WOODWARD: Bloat has been researched in the world for fifty years, and I suppose there are 3,000 scientific publications on it. There are lots of theories, and there is some logic in the theory you have advanced. Certainly we know that we get into trouble with bloat when we have a pure stand, or almost a pure stand, of alfalfa or clover.

Mr. MOORE: I would be interested to know if it would work, and I wondered if there was any scientific basis for it.

Mr. WOODWARD: I would think there is some logic in it. I mean, it is the inability of the animal to belch.

The CHAIRMAN: I have one question on a fungus disease which is spreading, or which seems to get worse, every year in corn in Western Ontario. Have your research people come up with any ideas on how this can be controlled?

Mr. LUDWIG: Are you referring to the stem break in corn?

The CHAIRMAN: It is like a mould which gets on the cob itself before its harvested, and then it seems to spread rapidly even if it is harvested and put in a crib. They have some technical name for it, but to me it is just a mould, or fungus, which sets in. A lot of it will lodge in it before it's harvested too.

Mr. LUDWIG: We are doing a great deal of work on that at the Harrow station. There has been considerable progress made in basic studies of the disease, and towards the breeding for it of a resistance to this thing. I think the time is coming when this stem-break factor will not be a serious thing in corn. I am not sure of the crop moulding at all. I would have to get some information on that.

Mr. CHAIRMAN: The reason I mention this is that I saw fields last fall, at a time when I had an opportunity to visit a lot of fields on account of a certain endeavour I was engaged in, and it was as high as one third of the ears in some fields and higher in others. The corn was not large. This was just in the husk, and it seemed that the corn that had the tighter husk on the cob had the most mould—different varieties, as you have stated here, and I gather this from what you said about improving the breeds. Some varieties did not seem so bad even in the same field where there were two different varieties of corn. Some of the corn did not seem so susceptible as other varieties.

Many people in that area claimed that it was the fact of the spores being spread by the wind from the United States that was affecting the corn in Ontario.

Mr. LUDWIG: Moulding in all forms, of course, is very common, and it is directly related to the moisture content. If you put corn or wheat or oats into storage too damp, it will mould, and in bad years it will mould in the field. This is a thing which is related to maturity, it is related to the openness of the husk and this sort of factor in the crop.

The CHAIRMAN: It seems to be a matter of great concern in the whole corn-growing areas. I can remember three or four years ago it was practically unheard of, but now it is quite prevalent and of real concern to the people there.

I have not had time to check with the research station at Harrow, but do you have staff people, or are you short staff people, to do this kind of study?

Mr. LUDWIG: I do not think that we are short of staff at Harrow for this kind of work. In fact the facility we have at Harrow is actually fully occupied with such problems. As you know, the new laboratory at Harrow is under active planning, and this will provide for more people to work there.

Mr. PETERS: If the situation that developed last fall was just to allow the Chairman to go and visit these corn fields, I would suggest that the committee make other arrangements for this fellow!

Mr. CHAIRMAN: Mr. McCutcheon.

Mr. McCUTCHEON: Yes; I would like to ask one question in two different fields, or two different questions in two different fields. One is in connection with bloat which we were discussing a few minutes ago. The United States Department of Agriculture recently announced a program of treatment of animals—a program of anti-bloat treatment. Have you any comments on that?

Mr. WOODWARD: Yes, Mr. Chairman; there are a number of anti-bloat treatments which are more or less effective, to a degree. For example, penicillin has been used as a treatment; and in our research program in Summerland we have experimented with these treatments.

Actually, they are not satisfactory from the farmer's standpoint, because what he wants is a separate pasture on to which he can turn his animals loose, either before or after the fact of bloat.

Mr. McCUTCHEON: It is the before factor which is important?

Mr. WOODWARD: I do feel, if I may express an opinion, and based on our experience with the bloat-reducing factors, that I would actually feed the animals a bit of dry roughage before I turned them into the pastures, rather than medication.

Mr. McCUTCHEON: The other question has to do with the subject that Mr. Chairman brought up, in connection with the diseases in corn.

How close are we in South Western Ontario, to being exposed to corn stunt and mosaic which are troubling the growers just across the lake in Ohio and in the corn belt, and what steps are being taken?

● (10.30 a.m.)

Mr. LUDWIG: The only answer I can give to that is that there is every possibility that we in Ontario might get the corn viruses from the States. There is no reason why we would not get them.

We have undertaken a number of surveys. Last year, particularly, we called in a post-doctorate fellow from India, who is an expert in this field, and we toured him through southern Ontario. He did not find the corn stunt virus on that occasion.

We are watching it and are concerned about it.

Mr. McCUTCHEON: What can we do about it?

Mr. LUDWIG: If we get the corn stunt virus we will have to undertake intensified research on it. I do not think they know in the United States what to do with their corn stunt yet. We are following closely what they are doing.

The best hope, again, I think, would be to go back to plant breeding for resistance.

Mr. McCUTCHEON: Thank you very much.

The CHAIRMAN: How many people do you have on plant breeding at all the research stations in Canada?

Mr. LUDWIG: Mr. Chairman, I do not think we can give you an exact answer to that numerically. This is information which we have available and which we can produce. If you wish, we will get it.

The CHAIRMAN: Are there any further questions on the plant research institute?

Mr. ROXBURGH: How serious is this stunt in the States? How serious do they consider the corn stunt to be?

Mr. LUDWIG: I cannot give you the figures off-hand although I could get them in the estimates of loss. The major concern is that with this new disease the potential for loss is relatively tremendous.

Mr. ROXBURGH: Would it not be better to start right now to carry out experiments instead of waiting until it comes here?

Mr. LUDWIG: We have a section in the Plant Research Institute that is primarily responsible for research on virus diseases of grasses, including corn. They are actually doing research in the direction which you are indicating.

The primary virus in corn, which showed up in the survey last year in Ontario, was the wheat streak mosaic. We are doing very extensive amounts of work on this particular virus. It may be related to corn stunt.

The CHAIRMAN: I want to say just one thing. You understand this word is "stunt". I will just repeat it, "stunt".

Mr. PETERS: May I ask if this is transportable?

Mr. LUDWIG: In the case of both the mosaic and the corn stunt these viruses—the wheat virus is transmitted by leafhoppers in the crop. I cannot answer off-hand what transmits the corn stunt, but it is an insect-transmitted plant virus. It can be transported as these insects move around naturally and are blown about by wind. It will spread.

Mr. PETERS: Is there some protection we can take in other ways? We are importing a lot of this corn now, and this will be a factor, I presume. Is there any way of eliminating this at the shipping point, or the areas from which it comes?

Mr. LUDWIG: As far as we know, the importing of seed corn, or feed corn, would not be a major factor in spreads. What we may import are the leafhoppers, and these may be wind-borne from the United States to Canada. There is no quarantine that can get at that.

The CHAIRMAN: Are there any further questions on this subject? If not, on the Soil Research Institute?



Mr. JORGENSEN: To what extent does the federal government co-operate with the provinces in the matter of soil research, and what is the nature of that type of co-operation?

Mr. WOODWARD: Mr. Chairman, we have two national committees in this field—the National Soil Survey Committee and the National Soil Fertility Committee. There has been co-operation in the fields of survey and fertility between the provincial departments, the universities and the federal government.

Mr. JORGENSEN: More recently, there has been an increasing trend towards the use of prescription fertilizers in western Canada, particularly in Manitoba. One of the difficulties we are facing is the length of time it takes to do an analysis of the soil. Most farmers prefer to order their fertilizers in the fall which is the time that the soil test must be taken in order to determine what ready-mixed fertilizers will be used—what prescription will be used. Quite frequently they find they are not able to get the results of these tests until the following spring.

Can you give me any idea of why it takes so long to do a soil test, and what is involved in doing that test? Why can it not be speeded up? Can the federal government give any assistance in the setting up of these testing stations across the country so that wider use can be made by farmers of these stations, particularly since the development of mixing stations or blending fertilization stations is proceeding apace?

Mr. WOODWARD: Mr. Chairman, the time involved in soil testing is directly correlated with the size of staff and the number of samples. As Mr. Jorgenson has pointed out, you run into severe peak loads and your staff and facilities just are not geared to handle them.

In the matter of soil tests for farmers, Ontario, as you know, is very well organized, and in this area Quebec is also very well organized. This summer Saskatchewan and Alberta are putting in a soil testing operation. This is only one part of the information that is required for fertilizer recommendation. I feel it is very important for a farmer to know something about his soil and get some testing.

I mentioned the National Soil Fertility Committee. I should have told you that on that Committee in each province, there is representation of the provincial government, the university and the federal government and that this group, within the province, works through what, in most provinces, is called a Provincial Fertilizer Council which actually makes the recommendations of what fertilizers will be available and what formulae will be made available to the farmers. I do not think that any expert in soil fertility would make a recommendation which was based only on the analysis of the particular soil, because he would use the information that he had on the history of the response to fertilizers in a particular crop in a particular area. I feel, as a country, we need to give a better service to the farmers in soil testing. I feel that we have the organization and the co-ordination of information that makes it possible to issue pretty sound general recommendations now and that the soil testing will greatly improve the specific recommendations. I will give you

an example. Mr. Watson is not here today but he asked a question for someone who had four farms, and he had the soil analyses on them. We went into his particular case in considerable detail and our experts came up with the recommendation that on summer fallow on each of these four farms, which were all in Saskatchewan but which were on different soil series, that the recommendation was an ammonium phosphate 11480 at different levels, different rates of application for wheat.

● (10.40 a.m.)

Mr. PETERS: Mr. Chairman, could I ask a supplementary question. Why cannot this be done at any time. Why cannot we spread the soil testing over a period of years? Maybe I am wrong but I do not really think it matters whether you test the soil in the spring, in the fall or when you test it; if it needs certain supplements these will not vary that much, except in January.

Mr. WOODWARD: Mr. Chairman, Mr. Peters has made a very good point. A man will know the history of his fields as we do more soil testing. The soil test results will be useful for many years.

The CHAIRMAN: Are you through, Mr. Jorgenson?

Mr. JORGENSEN: I just wanted to ask one more question. I take it then that other than these contacts with provincial governments there is no material financial assistance for the carrying on of a more complete soil testing service for the farmers.

Mr. WOODWARD: Yes, I think you are right. The very, very substantial contribution which the federal government is making in this area is the experimental work on which the fertilizer recommendations generally are based for the area, and this is a considerable part of our program. Our people are associated with the provincial people in their recommendations, and all our results are sent directly into the provincial people. For example, the Saskatchewan Guide to Agriculture has a great many committees. You may be familiar with this booklet which is put out. All the best information that the federal government, the provincial governments and the universities have are pooled and they work together on these recommendations.

Mr. JORGENSEN: Is there any of this type of research being done, or is testing being done on experimental farms such as Morden and Brandon?

Mr. WOODWARD: Yes, sir.

The CHAIRMAN: Mr. Southam, you are next.

Mr. SOUTHAM: Thank you Mr. Chairman. My question is supplementary to this important subject matter that Mr. Jorgenson has brought up and was touched on by several others, and that is the soil testing.

The suggestion or point I would like to make is that soil fertility and soil testing is becoming so important, particularly as we reach the stage where we are going to have to apply fertilizer. Is there a concerted effort directed by the federal government or the provincial governments to give us a complete soil survey test of mapping of our resources in this respect? Now, I know there has

been a certain amount of action taken on behalf of municipal areas, for instance in Saskatchewan—I think it is under the jurisdiction or promotion of the Tax Assessment Commission; they want to assess and place the proper land values in the assessment role, and there have been certain soil surveys, but it seems to me there is no co-ordinated plan. There is a certain amount of it being done but it is overlapping. Could we not develop a co-ordinated plan? I am presuming the province in each case would have to take the lead because we handle our natural resources under their jurisdiction and, I understand, land is under their jurisdiction. In other words, I feel that this sort of a haphazard approach we have taken up until now is not good enough. We should have a complete soil survey made of all our resources, particularly in relation to agriculture.

Mr. WOODWARD: Mr. Chairman, I feel that over the years we have done a pretty sound job of co-ordinating our approach to soil survey both in terms of what we are going to do in the survey and in terms of getting out information on the soil which is intelligible to all the people who have any contact with this area of work. There is a great deal of effort going into this question of not only this third soil survey but in using it as one of the key factors in establishing land capabilities. This is going on now in all the provinces in Canada in co-operation between the Canadian Department of Agriculture, ARDA, the provincial governments and the universities.

Mr. SOUTHAM: I am glad to hear that because, as Mr. Jorgenson mentioned, certain farmers are always interested in having an analysis and report on their particular piece of land. If this program was completely gone into, developed and tabulated in a statistical form, a farmer from some area could apply immediately to some department and get a report on his particular section or sections of land, whatever the geographic areas were and then he would know what he would need. In this way we would be providing, I think, a very definite, basic and important service, and, as time goes on, it becomes more important, I am sure.

Mr. WOODWARD: Yes, I agree, sir. There is quite a lot of this information available now. For example, when we were looking up Mr. Watson's four farms we had information available on exactly the soil types and so on which is standard available information in Saskatchewan.

Mr. CLERMONT: Mr. Chairman, I would be interested to know what is being done in this field of soil research throughout western Quebec, if any.

Mr. WOODWARD: Mr. Chairman, we have done considerable survey work; this was a joint operation between the provincial government and the federal government. We have done research on some of the soils in the Abitibi area for example. We have worked with MacDonald College on joint programs in soil research in western Quebec, and we have done specific studies in relation to both mineral and muck soils from a fertility standpoint in relation to specific crops. This has been going on at St. Jean, and we have done work of this nature in L'Assomption in relation to the tobacco crops.

Mr. CLERMONT: Mr. Chairman, was this work directed from the Ottawa experimental farm? I note there is no substation or experimental farm in western Quebec. You mentioned L'Assomption.



Mr. WOODWARD: Some of this work was directed from the Ottawa experimental farm, sir, but, as we go further into the northern areas, as you know, we have an establishment at Kapuskasing, we have had illustration stations and off station tests in western Quebec in that area where we have had professional staff at Kapuskasing.

Mr. HORNER (*Acadia*): Has there been any research into the feasibility of a neutralizing process that could be worked into an alkaline soil.

Mr. WOODWARD: We have a number of projects on alkaline soil and management procedures for attempting to reduce and contain alkalinity. We also have research on the breeding and management of species of plants which will tolerate alkalinity.

Mr. HORNER (*Acadia*): Is there any feasibility study going ahead with regard to combining something with a fertilizer so that when it is applied to an alkaline soil it would maybe neutralize the acidity.

Mr. WOODWARD: Well, chemically there certainly is, but you get into the question of economics.

Mr. HORNER (*Acadia*): Nothing has been worked out that is really economical?

Mr. WOODWARD: No.

The CHAIRMAN: Mr. Lefebvre, you had a supplementary.

Mr. LEFEBVRE: My question is supplementary to Mr. Clermont's. I have heard complaints from farmers in the county of Timiskaming, Quebec, that research in their areas has been neglected almost completely by your department. I believe the closest experimental farm is in Kapuskasing many hundreds of miles away and it apparently does not have the same climatic or soil conditions. You also have a little station, I believe, near Ville-Marie that apparently does not amount to very much. Are you planning to improve your research and aid to the farmers of northwestern Quebec and I am speaking particularly of Timiskaming county?

Mr. WOODWARD: This is a difficult question for a civil servant to answer, sir. Certainly so far as attempts to deal with the agricultural problems in Quebec are concerned, we have a continuing consultation and planning group with our Quebec opposite numbers, with the deputy minister. Quebec has the Quebec Agricultural Research Council and we are represented on this council. We do our best to co-ordinate. We use the complete facilities of both the federal and provincial governments in contributing to the solution of agricultural problems of the farmers of Quebec. Such a service is never adequate.

Mr. LEFEBVRE: Do you feel though that your station in Kapuskasing gives sufficient information to the farmers of this area. Can you compare the soils around Kapuskasing, the climate, the crops and the conditions under which they

produce these crops, because I have heard the argument over and over again that there is no comparison.

Mr. WOODWARD: I would not say there is no comparison. I think in my remarks on making fertilizer recommendations to farmers—I said there is no real substitute, in the final analysis, for a particular set of conditions, particular soil, climatic conditions and management practice, which will give you the best economic return.

Mr. LEFEBVRE: Does your department suggest plans in conjunction with the Quebec Department of Agriculture or do you wait for the Quebec Department of Agriculture to enlist your support. Are you originating any studies in this area on your own?

Mr. WOODWARD: At the research level, sir, I do not think that anyone waits for anyone else to recognize problems within the resources of what we can do to meet them. So, I do not think it is a question of one waiting for the other so far as recognizing the problem and trying to come to grips with what we might be able to do about it.

The CHAIRMAN: Dr. Glen is going to make one statement and then we are going to have to finish because the House will be sitting very shortly.

Mr. GLEN: I just wanted to say, Mr. Chairman, in relation to the most recent discussion, that last January we had a joint meeting with the Quebec Department of Agriculture officials, with members of the three universities and also with the agricultural research council. We went into some of these points. With respect to the Timiskaming area, the general consensus at that time was we could make the best use of our available resources if we serviced that area out of our Kapuskasing station, and that the province would give consideration to the development of a demonstration station or field station in the area where the relation of soil to plant crops and so on would be demonstrated that is, taking the information that comes from the research stations and trying it out there. This is just a consideration on their part but, this was a joint approach to it.

Mr. PETERS: In that regard, is there some co-operation between the experimental farm at New Liskeard and the experimental station at Ville-Marie? Is there not some exchange of information?

Mr. BARRY: We have very close co-ordination there, Mr. Peters.

The CHAIRMAN: I want to thank the members for attending. Sometime ago at one of the previous meetings Mr. Jorgenson had asked for a memorandum on the comparison of A and B Hog Carcasses and this has been prepared. It is only in English and if some of the members want this, it can be prepared in French. If you think it is what you desire, and so far as I am concerned, it has a great deal of information, it can be printed as an appendix to our proceedings.

Mr. CLERMONT: Mr. Chairman, I move that the said memorandum be printed as an appendix to to-day's proceedings.

Mr. ASSELIN (*Richmond-Wolfe*): I second the motion.

Motion agreed to.

The CHAIRMAN: We will adjourn until next Tuesday morning.



APPENDIX I

MEMORANDUM RE COMPARISON OF "A" AND "B" HOG CARCASSES

1. BASIC COMPARISON OF HOG CARCASSES

A carcass is made up of skin, bones, lean tissue and fat tissue.

The average weight of carcasses in Canada is approximately 154 lbs. warm dressed weight. The percentage of both skin and bones remains fairly consistent so the basic difference between any two carcasses is the percentage of lean tissue and in the percentage of fat tissue.

Obviously, in a carcass of any given weight, if the percentage of fat is higher than the average, then the percentage of lean is lower than the average.

2. WEIGHT RANGES

Grade "A" .....	135-170 lbs. warm dressed weight
Grade "B" .....	125-180 lbs. warm dressed weight
Grade "C" .....	125-180 lbs. warm dressed weight

125-134 lbs.

A carcass from 125-134 lbs. of desirable finish, type, etc., automatically falls into the "B" grade, because of weight.

If a carcass in this weight range either carries more fat than the maximum for the "B" grade, or is of the undesirable type, then it goes into the "C" grade.

171-180 lbs.

The situation with respect to these carcasses is the same as for those in the 125-134 lbs. range.

3. BACK FAT

Carcasses in the "A" weight range (135-170 lbs.) may be graded into "A" or "B" or "C".

The main difference between "A" and "B" is in the amount of back fat. The specifications for maximum fat are as follows:

		Shoulder	Loin
Grade "A" .....	135-150 lbs.	1 $\frac{3}{4}$	1 $\frac{1}{4}$
	151-170 lbs.	2	1 $\frac{1}{2}$
Grade "B" .....	125-150 lbs.	1 $\frac{3}{4}$ -2 $\frac{1}{4}$	1 $\frac{1}{2}$ -1 $\frac{3}{4}$
	150-180 lbs.	2 $\frac{1}{4}$ -2 $\frac{1}{2}$	1 $\frac{3}{4}$ -2

The bulk of hogs graded "B" in weights from 135-170 lbs. are carcasses carrying more than the maximum shoulder and/or loin fat allowed for the "A" grade.

Hog Carcass Survey

The Livestock Division conducts a semi-annual hog carcass survey for the purpose of determining the reasons for hog carcasses in the weight range from 135 to 170 lbs. being graded "B" instead of "A".

The most recent survey made in February 1966 shows that 93.3% of the carcasses graded "B" in the weight range 135-170 lbs. were placed there because the fat of the shoulder and/or the loin was in excess of the maximum for the "A" grade.

The other 6.7% failed to qualify for "A" grade because of faulty type; heavy shoulder; weak loin; light ham; roughness; extensive areas of dark hair roots or pigment.

Table I shows the result of the February 1966 Hog Carcass Survey.

#### 4. RESULTS OF CUTTING TESTS

The Department has conducted tests to determine the difference in "lean content" (boneless defatted cuts) of carcasses.

##### (1) First Test

In January 1964, four boneless defatted cuts (ham, back, butt, picnic) were made from 936 carcasses.

The 936 carcasses were all in the "A" weight range (135-170 lbs.)—468 "A's" and 468 "B's".

##### *"Lean content"*

Table II shows the percent "lean content".

The average difference in yield between "A's" and "B's" is about 2.83%.

The average carcass weight was about 153 lbs. warm dressed weight—therefore, 2.83% means about 4.33 lbs. more "lean content" on the average for "A's" than for "B's".

##### *"Fat trim" (skin and fat removed in making boneless defatted cuts)*

Table III records the percent of "trim".

The average difference in "fat trim" between "A's" and "B's" is about 3.34%.

##### *Summary re Test (1)*

The "A's" in this test have appreciably less "fat trim" and substantially higher "lean content" than the "B's".

##### (2) Second Test

In November 1965, the two main boneless defatted cuts (ham and back) were cut from 930 carcasses.

The carcasses were selected according to 11 weight ranges and 9 fat categories. Table IV shows the selection of carcasses according to the weight ranges and the fat categories.

Each carcass was analyzed to determine the percent yield in respect to 9 factors.

Table V shows the percent yield in respect to the nine factors listed below:

Page 2	Bone-in Loin (Commercial trim)
Page 3	Bone-in Ham (Commercial trim)
Page 4	Boneless Back (Commercial trim)
Page 5	Boneless Ham (Commercial trim)
Page 6	Defatted Boneless Back
Page 7	Defatted Boneless Ham
Page 8	Bone-in Loin and Bone-in Ham combined (Commercial trim)
Page 9	Boneless Back and Boneless Ham combined (Commercial trim)
Page 10	Defatted Boneless Back and defatted Boneless Ham combined

In the analysis for the nine factors, the pattern is consistent—the higher the fat category the lower the yield of “lean content”.

#### *Analysis of One Weight Range*

Reference to the analysis of one weight range 151–155 lbs. shows a characteristic pattern as follows:

<i>Fat Category</i>	<i>151–155 lbs. Weight Range</i>	
	<i>% Commercial trim</i>	<i>% Commercial trim</i>
	<i>Boneless Back</i> (see page 4)	<i>Boneless Ham</i> (see page 5)
1.5–2.0	10.868	17.044
2.1–2.5	10.571	16.729
2.6–3.0	10.228	16.154
3.1–3.5	9.721	15.165
3.6–4.0	9.235	14.388
4.1–4.5	9.292	13.992
4.6–5.0	8.103	12.891

The difference in yield is substantial:

	<i>%</i> <i>Boneless</i> <i>Back</i>	<i>%</i> <i>Boneless</i> <i>Ham</i>
Difference between (1.5–2.0 and 3.6–4.0) ....	1.633	2.656
Difference between (1.5–2.0 and 4.6–5.0) ....	2.765	4.153

One percent on an average weight carcass of 154 lbs.=1.54 lbs.

#### *Summary re Test (2)*

The greater the amount of back-fat the lower the yield of hams and backs.

Livestock Division,  
Department of Agriculture.



**AGRICULTURE, FORESTRY AND  
RURAL DEVELOPMENT**

May 20, 1966

TABLE I—HOG CARCASS SURVEY—FEBRUARY 1966

Province	GRADE A					GRADE B				
	Total A's	135- 139	140- 150	151- 160	161- 170	Total B's	125- 134	135- 150	151- 170	171- 180
B.C.....	42.4 1,268	3.3 99	12.6 376	17.4 522	9.1 271	43.7 1,307	4.6 137	13.1 393	19.4 580	6.6 197
Alberta.....	42.2 9,047	2.7 593	10.3 2,204	17.8 3,807	11.4 2,443	41.5 8,911	3.7 800	11.0 2,358	18.1 3,886	8.7 1,867
Saskatchewan.....	47.0 3,036	3.1 200	11.3 730	18.1 1,168	14.5 938	42.5 2,743	4.2 269	10.7 690	18.2 1,175	9.4 609
Manitoba.....	35.0 3,881	2.1 232	9.5 1,052	13.5 1,498	9.9 1,099	46.1 5,113	4.9 543	13.2 1,462	19.3 2,139	8.7 969
Ontario.....	42.8 19,292	1.6 713	8.8 3,960	18.8 8,484	13.6 6,135	44.9 20,286	1.9 836	10.1 4,589	22.9 10,341	10.0 4,520
Quebec.....	38.5 8,868	2.1 479	8.6 1,984	16.7 3,842	11.1 2,563	47.7 10,987	2.9 672	12.4 2,895	23.3 5,358	8.9 2,062
Maritimes.....	59.8 2,651	2.7 120	14.1 626	28.0 1,240	15.0 665	33.2 1,471	2.5 111	9.8 436	14.4 637	6.5 287
Western Canada....	41.0 17,232	2.7 1,124	10.4 4,362	16.7 6,995	11.3 4,751	43.1 18,074	4.2 1,749	11.7 4,903	18.5 7,780	8.7 3,642
Eastern Canada....	42.4 30,811	1.8 1,312	9.0 6,570	18.7 13,566	12.9 9,363	45.1 32,744	2.2 1,619	10.9 7,920	22.5 16,336	9.5 6,869
Total Canada....	41.9 48,043	2.1 2,436	9.5 10,932	17.9 20,561	12.3 14,114	44.4 50,818	2.9 3,368	11.2 12,823	21.0 24,116	9.2 10,511

F+ —Too fat over shoulder, or loin or both

F- —Underfinished, too thin

T —Faulty general type

S —Heavy, bulging shoulder

AGRICULTURE, FORESTRY AND  
RURAL DEVELOPMENT

TABLE I—HOG CARCASS SURVEY—FEBRUARY 1966

SYMBOL BREAKDOWN											TOTAL		
F+	F-	T	S	L	H	R	P	F+T	F+P	TP	F+	T	P
89.1 867	.8 8	2.1 20	— —	— —	.1 1	2.5 24	.1 1	5.0 49	.3 3	— —	94.4 919	7.1 69	.4 4
90.9 5,676	.3 19	.4 28	— —	— —	.06 4	4.2 265	.3 17	3.1 193	.6 34	.1 8	94.5 5,903	3.7 229	.9 59
90.4 1,687	.2 3	1.3 25	.05 1	.05 1	1.2 22	4.4 82	.2 3	2.0 38	.05 1	.1 2	92.5 1,726	3.5 65	.3 6
90.8 3,271	.5 18	2.4 85	.2 9	.2 6	— 1	2.0 72	.8 28	2.7 99	.3 12	— —	93.6 3,370	5.1 184	.8 28
95.9 14,318	.2 31	.5 77	— —	— —	— 7	1.1 171	.2 25	1.9 280	.1 18	— 3	98.0 14,626	2.4 360	.3 46
92.5 7,642	.3 21	1.2 100	— —	— —	— —	2.5 209	.3 22	2.9 241	.2 17	— 1	95.7 7,899	4.3 352	.5 39
94.8 1,017	.5 5	.9 10	.1 1	— —	— —	1.1 12	— —	2.6 28	— —	— —	97.4 1,045	3.5 38	— —
90.7 11,501	.4 48	1.2 158	.08 10	— 7	.2 28	3.5 443	.4 49	3.0 379	.4 50	.08 10	94.0 11,918	4.3 547	.8 97
94.7 22,977	.2 57	.8 187	— 1	— —	— 7	1.6 392	.2 47	2.2 549	.1 35	— 4	97.2 23,570	3.1 750	.4 85
93.3 34,478	.3 105	.9 345	— 11	— 7	.1 35	2.3 835	.3 96	2.5 928	.2 85	— 14	96.1 35,488	3.5 1,297	.5 182

L—Loin weak in fleshing

H—Poorly shaped, weak in fleshing

R—Rough, Old injury, deformed, late castration weathered diseased or parasitic skin arthritic joints

P—Dark pigment or hair roots.

AGRICULTURE, FORESTRY AND  
RURAL DEVELOPMENT

May 20, 1966

## HOG CARCASS SURVEY—FEBRUARY 1966

Province	GRADE C				
	Total C's	125- 134	135- 150	151- 170	171- 180
B.C.....	5.8 173	.2 6	1.2 36	3.8 114	.6 17
Alberta.....	8.6 1,850	.29 63	1.98 426	4.72 1,013	1.62 348
Saskatchewan.....	3.9 249	.3 17	1.0 62	2.1 139	.5 31
Manitoba.....	10.0 1,112	.5 58	2.9 325	4.8 529	1.8 200
Ontario.....	— 2,753	.1 65	1.3 606	3.5 1,582	1.1 500
Quebec.....	7.2 1,679	.3 66	2.0 456	3.7 844	1.4 313
Maritimes.....	2.8 124	.2 8	.8 35	1.4 60	.5 21
Western Canada.....	8.1 3,384	.3 144	2.0 849	4.3 1,795	.14 596
Eastern Canada.....	6.3 4,556	.2 139	1.5 1,097	3.4 2,486	1.2 834
Total Canada.....	6.9 7,940	.2 283	1.7 1,946	3.7 4,281	1.3 1,430



# AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

## HOG CARCASS SURVEY—FEBRUARY 1966

SYMBOL BREAKDOWN											TOTAL		
F+	F-	T	S	L	H	R	P	F+T	F+P	TP	F+	T	P
67.1 116	—	.6 1	—	—	—	7.5 13	—	24.9 43	—	—	91.9 159	25.4 44	—
74.7 1,382	— 1	.3 5	—	—	—	4.1 76	—	20.1 372	.7 12	.1 2	95.5 1,766	20.5 379	.8 14
64.3 160	—	.4 1	—	—	—	6.4 16	—	28.1 70	.8 2	—	93.3 232	28.5 71	.8 2
75.1 835	.5 6	.5 6	—	—	—	4.4 49	2.1 23	17.3 192	.1 1	—	93.3 1,027	11.1 198	2.2 24
80.3 2,210	— 1	.1 11	—	—	—	.7 20	—	18.0 495	.5 13	.1 2	98.7 2,718	18.4 507	.5 13
73.0 1,226	—	.6 10	—	—	—	2.1 36	.3 5	22.8 383	1.0 17	.1 2	96.8 1,625	17.1 287	1.4 24
83.1 103	—	1.6 2	—	—	—	—	—	15.3 19	—	—	98.4 122	16.9 21	—
73.7 2,493	.2 7	.4 13	—	—	—	4.6 154	.7 23	20.0 677	.4 15	.1 2	94.1 3,184	20.4 692	1.2 40
77.7 3,539	— 1	.5 23	—	—	—	1.2 56	— 5	19.7 897	.6 30	.1 4	98.0 4,465	17.9 815	.8 37
76.0 6,032	.1 8	.5 36	—	—	—	2.6 210	.4 23	19.8 1,574	.6 45	— 6	96.3 7,649	19.0 1,507	1.0 77

G. L. Locking,  
Chief, Grading Section.

TABLE II—PERCENT "LEAN CONTENT" (BONELESS CUTS)  
Percent Defatted Boneless Cuts—Ham, Loin, Butt, Picnic, Total of 4 Cuts

Grade	Wt. Range	Ham			Loin			Butt			Picnic			Total		
		Fat Selection			Fat Selection			Fat Selection			Fat Selection			Fat Selection		
		Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.
A	135-150	14.84	14.33	14.02	9.82	9.71	9.45	7.83	7.56	7.63	8.06	7.79	7.63	40.55	39.38	38.38
A	151-170	14.40	13.63	13.42	9.80	9.56	9.42	7.76	7.21	7.24	7.83	7.66	7.44	39.84	38.05	37.51
B	135-150	13.58	13.23	12.62	9.31	9.17	8.84	7.21	7.05	6.73	7.50	7.36	7.07	37.60	36.86	38.05
B	151-170	12.86	12.72	12.64	8.93	9.15	8.79	6.92	6.88	6.76	7.12	7.18	7.00	35.89	35.93	35.23
A-B	Difference 135-150	1.26	1.10	1.40	.51	.54	.61	.62	.51	.55	.46	.43	.56	2.95	2.52	3.13
A-B	Difference 151-170	1.54	.91	.87	.87	.41	.63	.84	.33	.48	.71	.48	.37	3.95	2.12	2.38

<sup>1</sup> Skin off, boneless cuts, defatted to  $\frac{3}{8}$  inch exterior finish.

TOTAL PERCENT "LEAN" CONTENT<sup>2</sup>

135-150—A—39.44  
151-170—A—38.47  
135-150—B—36.57  
151-170—B—35.68

Difference 135-150 A Vs. B 2.87% "Lean" Content  
151-170 A Vs. B 2.79% "Lean" Content

Applying the average difference in lean content to the average warm carcass weight of the sample, i.e. 144.1 lbs. for the 135-150 lb. range and 159.7 lbs. for the 151-170 lb. range. The difference in "lean" is:

135-150 lb. A Vs. B—4.14 lbs. More "Lean" per carcass . . . . . 2.87%  
151-170 lb. A Vs. B—4.46 lbs. More "Lean" per carcass . . . . . 2.79%

TABLE III—PERCENT FAT TRIM<sup>2</sup>  
Percent of Trim<sup>2</sup> from Carcasses by Cut—Ham, Loin, Butt, Ponic; Total of 4 Cuts

Grade Wt. Range	Ham			Loin			Butt			Ponic			Total		
	Fat Selection			Fat Selection			Fat Selection			Fat Selection			Fat Selection		
	Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.	Min.	Av.	Max.
A 135-150	4.19	4.49	4.73	4.80	5.78	6.23	2.26	2.41	2.53	1.58	1.59	1.70	12.82	14.28	15.24
A 151-170	4.27	4.82	4.90	5.53	6.71	7.23	2.35	2.62	2.73	1.60	1.71	1.71	13.75	15.85	16.87
B 135-150	4.93	5.14	5.55	6.97	7.47	8.36	2.76	2.81	2.98	1.78	1.81	1.84	16.43	17.27	18.73
B 151-170	5.26	5.40	5.69	8.04	8.34	8.60	2.98	2.99	3.14	1.83	1.90	1.93	18.16	18.63	19.33
A-B Difference 135-150	.74	.65	.82	2.17	1.60	2.13	.50	.40	.45	.20	.22	.14	3.61	2.99	3.49
A-B Difference 151-170	.99	.58	.79	2.51	1.63	1.37	.63	.37	.41	.23	.19	.22	4.41	2.78	2.76

<sup>2</sup> Skin and fat removed from rough cuts.

TOTAL PERCENT FAT TRIM<sup>2</sup>

135-150—A—14.11  
151-170—A—15.39  
135-150—B—17.48  
151-170—B—18.71

Difference 135-150 A Vs. B 3.36% Fat Trim  
151-170 A Vs. B 3.32% Fat Trim

Applying the average difference in fat trim to the average warm carcass weight for Grade "B" carcasses in the samples, i.e., 144.5 lbs. for the 135-150 lb. range and 161.0 lbs. for the 151-170 lb. weight range. The difference in fat trim is:

135-150 B Vs. A—4.36 lbs. More Fat Trim..... 3.36%  
151-170 B Vs. A—5.35 lbs. More Fat Trim..... 3.32%



TABLE IV

NUMBER OF CARCASSES IN EACH CELL BY FAT CATEGORY AND WEIGHT RANGE

FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"	Total
125-129	5	10	12	12	7	7	4	1	—	58
130-134	7	12	12	12	12	9	12	1	—	77
135-140	6	12	12	12	12	12	12	4	—	82
141-145	7	12	12	12	12	12	12	6	1	86
146-150	7	12	12	12	12	12	12	9	1	89
151-155	7	12	12	12	12	12	12	12	1	92
156-160	5	12	12	12	12	12	12	12	7	96
161-165	—	11	12	12	12	12	12	12	5	88
166-170	3	7	12	12	12	12	12	12	10	92
171-175	—	8	12	12	12	12	12	12	7	87
176-180	—	6	10	12	12	12	12	11	8	83
Total	47	114	130	132	127	124	124	92	40	930

TABLE V  
PERCENT YIELD OF "COMMERCIAL TRIM" BONE-IN LOIN  
FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129.....	16.252	16.035	15.312	15.303	15.186	14.829	15.483	14.502	—
130-134.....	17.633	16.472	15.817	15.775	15.304	14.722	14.366	16.907	—
135-140.....	17.464	16.011	15.857	15.695	14.657	15.190	15.163	13.734	—
141-145.....	16.770	16.215	16.136	15.900	14.718	15.184	14.147	14.157	12.860
146-150.....	17.151	16.520	16.310	16.540	15.378	15.133	14.114	13.885	12.267
151-155.....	17.368	16.841	15.997	16.117	15.051	15.365	14.482	14.401	12.906
156-160.....	17.346	16.459	16.684	15.978	15.557	15.118	14.198	13.493	13.854
161-165.....	—	16.515	16.028	16.052	14.919	15.036	14.258	13.724	13.160
166-170.....	17.561	16.358	16.275	16.029	15.608	15.113	14.024	13.923	13.470
171-175.....	—	16.505	16.065	15.913	15.304	15.248	14.167	14.185	14.021
176-180.....	—	16.056	16.619	15.764	15.286	14.443	14.354	14.046	13.342

PERCENT YIELD "COMMERCIAL TRIM" BONE-IN HAM  
FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129.....	22.266	21.577	22.033	21.241	21.240	20.576	19.879	19.721	—
130-134.....	22.900	21.952	21.615	21.070	21.190	20.954	20.668	20.282	—
135-140.....	23.481	22.177	21.958	21.671	21.583	21.289	20.425	20.918	—
141-145.....	22.940	22.123	21.676	21.995	21.393	21.403	20.833	20.118	21.342
146-150.....	22.452	22.135	21.564	21.429	21.236	21.165	20.333	19.913	19.736
151-155.....	21.729	22.382	22.215	21.429	21.211	21.222	20.834	20.365	19.018
156-160.....	22.612	21.573	21.845	21.342	21.231	20.887	20.353	20.456	19.740
161-165.....	—	21.940	22.284	21.740	20.887	21.178	20.480	20.233	19.994
166-170.....	22.493	22.071	21.648	21.082	21.624	21.221	20.699	20.194	19.400
171-175.....	—	21.714	21.662	21.433	20.905	20.821	20.139	20.220	19.741
176-180.....	—	22.338	21.682	21.680	21.050	20.666	19.933	20.267	19.533

PERCENT YIELD OF BONELESS BACK

FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129.....	9.664	9.702	9.522	9.682	10.215	9.478	10.048	8.715	
130-134.....	10.828	9.936	9.608	9.912	10.109	9.406	9.209	11.175	
135-140.....	10.780	9.829	9.579	9.838	9.259	9.701	9.728	8.885	
141-145.....	10.631	9.788	10.202	9.760	9.663	9.718	9.147	9.227	9.155
146-150.....	9.842	10.039	10.216	10.301	9.883	9.937	9.146	8.692	7.933
151-155.....	10.868	10.571	10.229	10.227	9.575	9.867	9.235	9.292	8.103
156-160.....	10.669	10.241	10.581	10.246	9.976	9.583	9.160	8.723	9.087
161-165.....		10.138	10.079	10.132	9.514	9.701	9.010	8.814	8.740
166-170.....	10.464	10.286	10.506	10.175	9.957	9.519	9.014	8.901	8.879
171-175.....		10.439	10.140	10.156	9.723	9.810	9.133	9.478	9.102
176-180.....		10.205	10.387	10.020	9.862	9.036	8.805	9.343	8.744

PERCENT YIELD OF BONELESS HAM

FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129.....	17.261	15.996	16.230	15.414	15.154	14.490	14.553	14.088	—
130-134.....	18.124	16.647	15.851	15.242	15.340	14.856	14.264	15.228	—
135-140.....	18.137	16.867	16.478	15.881	15.469	15.128	14.478	13.930	—
141-145.....	17.736	16.719	16.147	16.402	15.502	15.118	14.426	13.727	13.488
146-150.....	17.286	17.036	16.221	15.686	15.359	15.193	14.328	13.405	12.822
151-155.....	17.044	16.729	16.533	15.776	15.330	15.165	14.388	13.992	12.891
156-160.....	17.553	15.985	16.339	15.536	15.492	14.931	14.136	14.003	13.326
161-165.....	—	16.673	16.497	16.099	15.190	15.167	14.218	13.668	13.418
166-170.....	17.601	16.630	16.199	15.606	15.963	15.328	14.328	14.240	13.103
171-175.....	—	16.463	16.044	15.726	15.498	14.826	14.047	14.048	13.242
176-180.....	—	17.149	16.357	16.060	15.121	14.720	13.752	14.261	12.850



## PERCENT YIELD OF DEFATTED BONELESS BACK

## FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129.....	6.234	6.063	5.556	5.646	5.630	4.900	5.189	4.736	—
130-134.....	6.826	6.196	5.697	5.680	5.899	5.205	5.242	5.884	—
135-140.....	7.063	6.250	5.949	5.859	5.601	5.234	5.500	4.511	—
141-145.....	6.663	6.265	5.827	5.758	5.340	5.482	5.290	5.161	4.562
146-150.....	6.865	6.575	6.189	6.052	5.671	5.702	5.234	4.815	3.974
151-155.....	6.842	6.484	6.156	5.974	5.695	5.772	5.162	5.166	3.854
156-160.....	7.006	6.203	6.198	6.087	5.753	5.675	5.314	4.809	4.621
161-165.....	—	6.247	6.205	5.867	5.651	5.925	5.416	5.004	4.671
166-170.....	6.970	6.539	6.349	6.101	6.022	5.595	5.252	4.978	4.871
171-175.....	—	6.443	6.402	6.276	5.893	5.727	5.333	5.194	4.891
176-180.....	—	6.664	6.636	6.156	5.970	5.518	5.322	5.324	4.648

## PERCENT YIELD OF DEFATTED BONELESS HAM

## FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129.....	15.390	14.083	14.164	13.415	12.884	12.251	12.343	11.849	—
130-134.....	16.080	14.952	13.835	13.100	13.350	12.565	12.115	12.820	—
135-140.....	16.422	15.018	14.567	13.804	13.106	12.720	12.455	11.922	—
141-145.....	15.872	14.729	13.976	14.158	13.239	13.025	12.208	11.750	11.206
146-150.....	15.238	14.958	14.253	13.651	13.268	12.907	11.895	11.047	11.453
151-155.....	15.467	15.071	14.563	13.572	13.297	13.020	12.174	11.801	10.923
156-160.....	15.830	14.009	14.352	13.560	13.408	12.877	11.770	11.429	11.009
161-165.....	—	14.657	14.478	14.016	13.246	13.022	11.665	11.529	11.155
166-170.....	16.051	14.718	14.264	13.328	13.881	13.104	12.110	11.557	10.953
171-175.....	—	14.491	14.040	13.852	13.426	12.790	11.854	12.024	11.223
176-180.....	—	15.324	14.304	14.047	13.240	12.653	11.698	11.883	10.773

PERCENT YIELD OF "COMMERCIAL TRIM" BONE-IN HAM AND LOIN COMBINED  
FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129.....	38.519	37.613	37.346	36.545	36.426	35.405	35.363	34.223	
130-134.....	40.553	38.424	37.433	36.845	36.494	35.676	35.035	37.190	
135-140.....	40.946	38.139	37.816	37.366	36.240	36.479	35.589	34.652	
141-145.....	39.711	38.339	37.812	37.895	36.111	36.588	34.981	34.276	34.212
146-150.....	39.604	38.655	37.874	37.969	36.615	36.299	34.448	33.798	32.004
151-155.....	39.097	39.223	38.212	37.547	36.262	36.587	35.316	34.766	31.924
156-160.....	39.958	38.032	38.529	37.321	36.788	36.006	34.552	33.949	33.595
161-165.....		38.456	38.312	37.792	35.806	36.214	34.739	33.957	33.155
166-170.....	40.054	38.429	37.924	37.111	37.232	36.334	34.724	34.118	32.870
171-175.....		38.219	37.728	37.346	36.210	36.070	34.306	34.406	33.762
176-180.....		38.395	38.301	37.444	36.336	35.109	34.287	34.314	32.775

PERCENT YIELD OF BONELESS BACK AND BONELESS HAM COMBINED  
FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129.....	26.926	25.698	25.753	25.097	25.369	23.968	24.601	22.804	—
130-134.....	28.953	26.583	25.460	25.154	25.450	24.262	23.473	26.404	—
135-140.....	28.917	26.697	26.058	25.719	24.729	24.829	24.206	22.816	—
141-145.....	28.367	26.507	26.350	26.162	25.166	24.836	23.573	22.955	22.643
146-150.....	27.129	27.076	26.437	25.988	25.243	25.135	23.474	22.098	20.756
151-155.....	27.913	27.300	26.763	26.004	24.905	25.032	23.624	23.285	20.995
156-160.....	28.223	26.227	26.920	25.783	25.468	24.514	23.296	22.727	22.414
161-165.....	—	26.811	26.576	26.231	24.705	24.868	23.228	22.482	22.158
166-170.....	28.065	26.917	26.706	25.782	25.920	24.848	23.433	23.142	21.983
171-175.....	—	26.902	26.184	25.882	25.221	24.637	23.181	23.527	22.345
176-180.....	—	27.354	26.744	26.080	24.983	23.757	22.558	23.604	21.595

PERCENT YIELD OF DEFATTED BONELESS BACK AND BONELESS HAM COMBINED  
FAT CATEGORIES

Weight Range	1.5"-2.0"	2.1"-2.5"	2.6"-2.8"	2.9"-3.0"	3.1"-3.3"	3.4"-3.5"	3.6"-4.0"	4.1"-4.5"	4.6"-5.0"
125-129.....	21.624	20.147	19.721	19.062	18.515	17.152	17.532	16.586	—
130-134.....	22.906	21.148	19.533	18.780	19.249	17.771	17.358	18.705	—
135-140.....	23.485	21.268	20.516	19.663	18.707	17.955	17.956	16.434	—
141-145.....	22.536	20.995	19.804	19.917	18.579	18.507	17.498	16.911	15.769
146-150.....	22.103	21.533	20.442	19.703	18.940	18.610	17.130	15.862	14.427
151-155.....	22.309	21.556	20.720	19.547	18.992	18.792	17.336	16.967	14.778
156-160.....	22.837	20.212	20.550	19.648	19.161	18.552	17.084	16.239	15.631
161-165.....	—	20.905	20.683	19.884	18.898	18.947	17.081	16.534	15.827
166-170.....	23.022	21.258	20.614	19.429	19.904	18.699	17.363	16.535	15.824
171-175.....	—	20.935	20.442	20.128	19.320	18.518	17.188	17.219	16.114
176-180.....	—	21.989	20.941	20.204	19.210	18.172	17.021	17.207	15.421



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OF  
PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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PROCEEDINGS

No. 9

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Respecting

Estimates (1966-67) of the Department of Agriculture

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FRIDAY, MAY 27, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. J. Chagnon, Associate Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Mr. J. P. McCrea, Chief, Property and Finance, Research Branch; Dr. R. Glen, Assistant Deputy Minister, Research Branch.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

Mr. Asselin ( <i>Richmond-Wolfe</i> ),	Mr. Honey,	Mr. Olson,
Mr. Beer,	Mr. Hopkins,	Mr. Peters,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Pugh,
Mr. Choquette,	Mr. Johnston,	Mr. Rapp,
Mr. Clermont,	Mr. Jorgenson,	Mr. Ricard,
Mr. Comtois,	Mr. Lefebvre,	Mr. Roxburgh,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Schreyer,
Mr. Éthier,	Mr. Madill,	Mr. Stafford,
Mr. Faulkner,	Mr. Matte,	Mr. Stefanson,
Mr. Forbes,	Mr. McKinley,	Mr. Tucker,
Mr. Gauthier,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gendron,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-guay-Huntingdon-Laprairie</i> ),
Mr. Godin,	Mr. Neveu,	Mr. Yanakis—45.
Mr. Grills,	Mr. Noble,	
Mr. Herridge,	Mr. Nowlan,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

TUESDAY, May 24, 1966.

The Standing Committee on Agriculture, Forestry and Rural Development having been duly called to meet at 9.30 o'clock a.m. this day, the following members were present: Messrs. Clermont, Forbes, Godin, Herridge, Jorgenson, Lefebvre, Olson, Rapp, Roxburgh, Whelan (10).

*In attendance: From the Department of Agriculture:* Mr. S. C. Barry, Deputy Minister; Dr. J. C. Woodward, Associate Director General, Research Branch; Dr. R. A. Ludwig, Director of Administration, Research Branch; Dr. R. Glen, Assistant Deputy Minister (*Research*); Mr. J. S. Parker, Director General, Administration.

There being no quorum, by 10:20 o'clock a.m., the Chairman, Mr. Whelan, adjourned the meeting to the call of the Chair.

FRIDAY, May 27, 1966.

(10)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.50 o'clock a.m. The Vice-Chairman, Mr. Laverdière, presided.

*Members present:* Messrs. Clermont, Comtois, Gauthier, Grills, Herridge, Hopkins, Horner (*Acadia*), Jorgenson, Laverdière, Madill, Matte, Moore (*Wetaskiwin*), Muir (*Lisgar*), Rapp, Ricard, Roxburgh, Tucker, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Yanakis (20).

*In attendance: From the Department of Agriculture:* Mr. S. J. Chagnon, Associate Deputy Minister; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Mr. J. P. McCrea, Chief, Property and Finance, Research Branch; Dr. R. Glen, Assistant Deputy Minister, Research; Mr. J. S. Parker, Director General, Administration.

The Vice-Chairman informed the members of the Committee that the extra copies of Issue number 2 of the Committee's Proceedings and Evidence requested by the Committee on Friday, May 20, 1966, are now available in English.

The Committee then resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, items 5 and 10, Research.

At 11.00 o'clock a.m. the questioning of the witnesses continuing, the Chairman adjourned the committee to 9:30 a.m. Tuesday, May 31, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, May 27, 1966.

● (9.48 a.m.)

The VICE-CHAIRMAN: Gentlemen, I see a quorum and we will get the meeting underway. The witnesses today are Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General; Mr. J. P. McCrea, Chief, Property and Finance, Research Branch; Dr. R. Glen, Assistant Deputy Minister; Mr. J. S. Parker, Director General, Administration, and Mr. S. J. Chagnon, Associate Deputy Minister.

For the information of the members of the Committee extra English copies of issue No. 2 on dairy policy are available. These were requested by the Committee on May 20 last. I suppose that the French copies will be ready very soon.

May I suggest the schedule for next week: May 31 at 9.30 a.m. in room 308; June 2 at 9.30 a.m. in room 308—the subcommittee will discuss later on if it would be possible to have perhaps a longer meeting on that date, and on Friday, June 3 at 9.30 a.m. in room 371.

I was also informed by the Department of Finance that the Canadian Wheat Board will be in Ottawa on June 6, 7 and 8. The subcommittee will be considering the schedule while these gentlemen are available to appear before the Committee.

This meeting today will be to discuss Votes 5 and 10. When we left off at our last meeting we were on the Soils Research Institute. Are there any questions?

Mr. MUIR (*Lisgar*): Mr. Chairman, before we get into the meeting, I wonder if it would be possible for the chairman to circulate the times for these meetings to the members so that we would know well in advance and do our necessary homework on the particular item on which we are working. I think if each member received a sheet with all these meetings which you have scheduled and the purpose of each, it would be a big help.

The VICE-CHAIRMAN: I will ask the clerk to note your request. Would that be all right?

Mr. MUIR (*Lisgar*): What I mean is to have them all sent out at once so that we have advance notice of all the meetings. We know then what day we are going to be taking up certain items and the necessary study on these can be done before we come to the meeting.

The VICE-CHAIRMAN: I will ask the clerk to do that for all the members of the Committee.



Mr. WATSON (*Assiniboia*): Mr. Chairman, was it the 6, 7 and 8 of June?

The VICE-CHAIRMAN: Yes. Are there any questions on the Soils Research Institute?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): This is on the Soils Research Institute?

The VICE-CHAIRMAN: The Soils Research Institute, yes.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Would this institute be in charge of developing new crops for Eastern Canada?

Dr. J. A. ANDERSON (*Director General, Research Branch, Department of Agriculture*): No, Mr. Chairman, the Soils Research Institute's work is restricted largely to a study of the soil; the development of crops is with the outlying regional establishments.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Under what item could we discuss the development of new crops?

Mr. ANDERSON: For the east, under the eastern establishment, which comes up after the institute.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Immediately after the institute?

Mr. MUIR (*Lisgar*): Do you do ground testing under this for individuals?

Mr. ANDERSON: No. Soils testing is undertaken largely as a provincial responsibility for individuals.

The VICE-CHAIRMAN: If there are no more questions on this item we will go to research institute stations. Are there any questions on this?

(Translation)

Mr. GAUTHIER: I would like to return briefly to soil research, because it has been said that this is a matter of Provincial responsibility. What is then the role of the Federal Government? Can the Provincial Government ask for your assistance in this respect, to carry out soil research? What is the institute's role with regard to soil research? If you tell us this is a matter for Provincial responsibility—mostly, that is, the responsibility for testing individual samples.

(English)

Mr. ANDERSON: Mr. Chairman, I understood the former question to relate to testing of individual samples submitted by individual farmers. This, I think, is undertaken by provincial laboratories and is gradually developing and expanding. Our Soils Research Institute will be in the more basic areas of developing the methods and of understanding the significance of the results of analysis of soils. We also, of course, in collaboration with the provinces and the universities, are responsible for general organization of all soil surveys across Canada.

(Translation)

Mr. GAUTHIER: Occasionally, do you come to the assistance of the Provinces who are studying for instance, certain areas. Under the ARDA program the

Province of Quebec has groups of people who are called upon to study the quality of the soil, in such and such an area. Could you then come to the assistance of these groups; do you people work together?

(English)

Mr. ANDERSON: Certainly we work in very close collaboration with the provincial authorities in this area and with ARDA in the surveying, and we do almost all of the mapping. We are heavily involved with problems of this sort in collaboration with the provinces. They can come to us for assistance as they see fit.

(Translation)

Mr. GAUTHIER: In these cases just mentioned by me, you act when the Provinces ask you to do so. You do not answer individual requests?

(English)

Mr. ANDERSON: We would try to deal with individual requests but in all probability we would refer them back to the province, with our advice. We do not get very many individual requests. The individual requests go to the provinces.

(Translation)

Mr. GAUTHIER: The point of my question is this. I want to be able to give information to people who ask me for such information. I want to tell them where to go. Must they be told to go directly to the Province, or must they be told to go directly to Ottawa? It is to find out exactly what to answer.

(English)

Mr. ANDERSON: They should go to the province.

Mr. S. J. CHAGNON (*Associate Deputy Minister, Department of Agriculture*): Mr. Chairman, may I answer the question?

(Translation)

The normal place where these requests should go when you are asked for any information in this respect, is to refer them to the Provincial agricultural representative. In the Province of Quebec there are two laboratories, one in particular at Ste. Anne de la Pocatière. Soil research is carried out there for every individual farmer who requests it. The Federal Government and the Provinces, in co-operation, have established a map of the Provinces indicating the fertility of certain regions, showing also the best type of fertilizer to use to increase such fertility. However, individually, the farmer should go to his agricultural representative. He should send him a sample, and he would receive from the laboratory the results of that soil testing. This will indicate to him what type of fertilizer he should use. Is that right?

Mr. GAUTHIER: Yes.

Mr. MATTE: Do farmers use that method quite a lot?

Mr. CHAGNON: Yes, in Ste-Anne-de-la-Pocatière and in St-Hyacinthe, thousands of requests are answered every year.

(English)

Mr. WATSON (*Assiniboia*): Mr. Chairman, at the present time we do not have soil testing services in the Province of Saskatchewan but they will be set up, I believe, and in operation this fall. When one sends in these samples do they come back with a recommendation that such and such a fertilizer should be used on this particular piece of land? Also, do they possibly put this in a special formula? We all realize that farmers are not chemists and what a chemist sends back, although understood by them, is not always in a language we can understand. But if it is in a plain, simple form that a farmer understands, that such and such a quarter section of land, or whatever acreage he might have, requires 1148 or 2714, or whatever the case may be, it would be most helpful. Is this the way they send them back, recommending such and such a fertilizer?

Mr. ANDERSON: Yes, I think this is the case and, of course, it will depend on what crop you are going to grow.

Mr. WATSON (*Assiniboia*): Would you have to specify then possibly that it is mainly wheat that you are concerned with.

Mr. ANDERSON: I think the advice will cover that aspect because the authorities will know the general area and what crops are grown.

Mr. MOORE (*Wetaskiwin*): I think Mr. Chagnon made my point. In Alberta our local district agriculture office handles this soil sampling, sends it in and so on.

Mr. ANDERSON: The form that is used, I think, in most provinces gives an opportunity for the farmer to say what crops he intends to grow.

Mr. WATSON (*Assiniboia*): Some of the grain companies this spring started to provide a service for the farmer in this connection, but I would be a little dubious of a grain company's soil testing because they are in the fertilizer business. I think what we need is a complete independent setup like a provincial government analysis because they are not in the fertilizer business. This is the point in which I am very interested. I do not think we should have to go to the grain companies for this service because I think it is just human nature that if I am selling fertilizer I am certainly going to recommend such and such a thing because it is to my advantage.

Mr. CHAGNON: In Eastern Canada a lot of the fertilizer companies do provide this service to some farmers but they use their technical knowledge and so on. Of course, it is to their advantage in some ways, but if fertilizer is well used it is also to the advantage of the farmer.

Mr. WATSON (*Assiniboia*): I realize that.

Mr. CHAGNON: I realize it is better if it is done by an independent body.

Mr. WATSON (*Assiniboia*): Have you ever checked a grain company's analysis against the other to see if they come out with the same recommendation?



Mr. CHAGNON: No.

The VICE-CHAIRMAN: During our last meeting everyone was requested to speak as close as possible to a microphone because everything was being recorded. I would put the same request today.

Are there any other questions on this subject.

(Translation)

Mr. GAUTHIER: You have just now stated that you have no facilities for analysing fertilizers. What department looks after fertilizers sold by private companies?

Mr. CHAGNON: Mr. Gauthier we do have an organization in the market production service. We have a very well organized office where we have samples of every fertilizer on the market. Indeed, on occasions we have sued people whose product was not up to par, where the actual product is not that described on the label. This is done regularly.

Mr. GAUTHIER: We can therefore, refer directly to the Institute Research here in Ottawa, if there is any complaint?

Mr. CHAGNON: No, not to this Research Institute, but the marketing and production service. This is the same division, by the way, which looks after the quality of seeds. We have very well organized offices in various areas with inspectors to look after them.

Mr. Chairman, I would like—

(English)

The VICE-CHAIRMAN: We will now proceed to the Research Institute, Belleville.

Mr. RAPP: Mr. Chairman, I would like to get some information on the control of insects. In my area of Melfort-Tisdale, where much of the rapeseed is grown and produced, we have real trouble sometimes, particularly in dry years, with insects. They seem to originate in the root allowances and the wild grass and weeds; at a certain time when the rapeseed plants are still very small—and these are broad leaf plants—they attack these plants, multiply very, very fast and before the farmer realizes that they are doing extreme damage sometimes, the whole field is lost.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I thought we had gone on to the research station at Belleville?

Mr. RAPP: Yes, that is right, but I assume they are engaged in the control of insects. This is a point in which I am interested because these insects are really doing great damage to these young plants. I would like to know what research is being done on this matter and how to control these insects.

Mr. ANDERSON: Our expert on the control and study of insects that attack rapeseed is Dr. Putman who is at our research station at Saskatoon. We are carrying out extensive studies in this area relating actually to the development and history of the insects involved and of methods of controlling them, with particular respect to rapeseed. These studies are being conducted at Saskatoon.

Mr. HERRIDGE: Mr. Chairman, I apologize but I have been attending the Veterans Affairs Committee. These committees clash. I have a particular interest in veterans affairs and I must return, but I would like to ask three general questions with respect to research.

Could we be informed of what is being done to date with respect to the research into little cherry disease? That is of great importance in the south eastern portion of interior B.C.

Mr. ANDERSON: We are working on little cherry disease primarily at our station at Summerland. The disease, as you know, is a virus disease and the problem really is two-fold, to provide virus free stocks for the building up of new orchards and to discover sources of resistant stocks to little cherry disease. I think that we are making good progress in this area. We have, for instance, over 1,000 seedlings being grown from seed collected from trees which are partially tolerant to the disease and some trees that seemed very promising in this respect were recently selected as a development in the area. In all work with trees, the work is slow. This is, as Mr. Herridge says, an important disease to cherries and one on which we are doing substantial work along these lines.

Mr. HERRIDGE: What would you advise persons to do—and I know quite a number of them—who want to plant out, say, five acres of cherries? Many of our older trees have been affected by little cherry disease. What would you say they would be well advised to do at this point?

Mr. ANDERSON: I think they would be well advised to get in touch with our experts at Summerland and to see what stocks are commercially available that are likely to be resistant to the disease and are virus free. Now, in addition to this, we have developed at our station at Saanichton a method of bringing in trees under quarantine so that we are building up the possibility of developing virus free stocks and virus resistant stocks of cherries for new orchards.

Mr. HERRIDGE: Thank you. Now, what is being done with respect to research into suitable range grasses, particularly to be used at high elevations like in our country, and also in cooperation with some of the native veterans and that sort of thing.

Mr. ANDERSON: Well, Mr. Herridge, there are really two different types of problems on the higher hills that you are talking about. Out there you have the alpine meadows which, I suppose, give quite useful pasture for about two months in the summer time and the sedge meadows which develop where the drainage is not perfect but where it is such that one does not get a lake forming. Now, we have done studies of the native grasses in these meadows and also on the possibility of improving, particularly the sedge meadows, by fertilization. They are short of phosphates, as I remember it, and we are looking into the possibility of re-grassing them or of improving the pasture. The principal grass in this area is reed canary grass and we have done some experiments with that also. This is to improve the nutritive value of the grasses for the sedge meadow. The alpine meadows actually are relatively nutritive but of short duration for pasture purposes.

Mr. HERRIDGE: Where can we get information in respect of that research?

Mr. ANDERSON: I think that our Kamloops station would be the nearest station where we have experts in this area. We have Dr. MacLean there.

Mr. HERRIDGE: I have just one more question, Mr. Chairman. I notice in the United States—and I think, it arises from the fact that the younger generation of farmers are apparently not as fond of hard work as their fathers were—there have been some extensive experiments done with respect to what they call automated hog callers so they can sit and look at the radio, press a button and the hogs are called and they just go out when they are all ready there to be fed. Has your department done any research in that respect?

Mr. ANDERSON: I do not think so, Mr. Herridge. I have not heard of it. We have been in the area of calling insects, you know.

Mr. HERRIDGE: There has been nothing done in that respect.

Mr. ANDERSON: No.

Mr. HERRIDGE: There have been some quite serious experiments conducted along that line.

Mr. ANDERSON: Yes, indeed, I am quite sure.

Mr. HERRIDGE: A person can sit and look at the radio until the appropriate time and then presses a button and the hogs are all there to be fed, and he does not have to go out and do a lot of hog calling. Are you looking into this at all?

Mr. ANDERSON: I must admit that, personally, this had not come to my attention. I must have experts somewhere throughout the branch who are quite familiar with this.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. Chairman, I wonder if the doctor could indicate whether there has been complete success in the gypsy moth program that you people ran in Southern Quebec during the past two or three years?

Mr. ANDERSON: I do not think that one ever gets complete success when dealing with insects but I think that there has been substantial progress.

Mr. ROXBURGH: I am sorry to be late. I just came in when my friend was talking about virus in cherries. Was it brought up at that time whether that was just sweet cherries about which he was talking, or was it sour or all varieties.

Mr. ANDERSON: It does affect both sweet and sour cherries.

Mr. ROXBURGH: Yes. Are experiments being carried on in the east at Vineland?

Mr. ANDERSON: Yes. We have some experiments in the east also relating to the virus diseases.

Mr. ROXBURGH: Have they found any varieties yet that are absolutely virus free?

Mr. ANDERSON: We have found virus free stocks. But, to your question, have we found anything that is completely resistant to the virus disease, the answer is no.



● (10.15 a.m.)

Mr. ROXBURGH: I know that your nursery people are advertising along that line and that buds from the Vineland experimental station are sent out to selected growers. Would these be virus free?

Mr. ANDERSON: They would be virus free and resistant but not completely immune.

Mr. ROXBURGH: Not completely immune. Does that have regard to both sweet and sour varieties, or just sour? In our area some of the sour orchards are in quite bad shape. I do not know if the sweet cherries have been affected. I was just wondering about it.

Mr. ANDERSON: We have been working on both.

Mr. ROXBURGH: Thank you very much.

(Translation)

Mr. J. P. MATTE: We are told that this year, there will be insect infestation in our area. We had one four or five years ago. We had so many of these insects that trains would skid on the tracks and there was considerable damage done.

Mr. CHAGNON: A type of caterpillar, I understand.

(English)

There is not much we can do about it, is there, Dr. Anderson?

Mr. ANDERSON: We have not been able to devise methods of forecasting such an outbreak and the problem is, of course, to become aware of it as soon as it exists and to get into the area with experts and advise farmers on how to control.

(Translation)

Mr. CHAGNON: Generally, the damage is not very considerable. This is cyclical.

Mr. MATTE: Well we had pretty serious damage in maple stands, for instance. It has attacked apple trees also.

Mr. CHAGNON: But a well-looked-after tree is not damaged.

(English)

Dr. R. GLEN (*Assistant Deputy Minister, Research Branch, Department of Agriculture*): Mr. Chairman, I think the reference here might be to the forest tent caterpillar which attacks trees. You mentioned maple trees. This is handled largely by the Department of Forestry. They become very abundant cyclically, as you say, and when they strip trees then they migrate and they get on to railroad tracks and they go over houses and other things. This is something that is handled by the Department of Forestry.

Mr. HERRIDGE: I have seen a train stall on account of tent caterpillars.

The VICE-CHAIRMAN: If there are no other questions on this subject we now will take up the Research Institute in London, and the use of chemicals.

(Translation)

Mr. G. CLERMONT: Mr. Chairman in answer to a question put by Mr. Gauthier a while ago, Dr. Chagnon said of fertilizers that there was an office within the Department of Agriculture which was designed to inform people on the quality of the fertilizers. Is there such an office for chemical products generally or can an individual or company place on the market chemical products without the farmer being assured that it is acceptable?

Mr. CHAGNON: No, Mr. Clermont. A company cannot put a commercial chemical product on the market without following the provisions of the Act. This does not come under research. It is under Production and Marketing Service. There is an Act in this respect controlling marketing of chemical products. These products must be analyzed and the direction for use must be also indicated. We then see if it is a good product. If it is not acceptable, no licence is issued and no marketing is allowed.

Mr. CLERMONT: In other words, a farmer is guaranteed to a certain extent against any danger in these products.

Mr. CHAGNON: Quite so, sir.

Mr. CLERMONT: There are things therefore indicated on the bag or other container?

Mr. CHAGNON: Yes.

(English)

The VICE-CHAIRMAN: Mr. Roxburgh, do you have a supplementary question?

Mr. ROXBURGH: Yes. Some time ago a great deal of leaf fertilizer was sprayed on the leaves and the results at that time were not too satisfactory. This fertilizer did not measure up to the statements made by the companies. I understand that the results have become better. Have you checked up on that and, if so, what information have you on that at the present time? Where do we stand with respect to this? Does it compare favourably with ground fertilizer or is it used as a sort of just a quick lift to the plants and trees. How is it working out commercially and factually for the farmer?

Mr. ANDERSON: It is largely a matter of economics whether it pays to apply leaf fertilizers of that sort compared to the more normal and traditional application of fertilizers directly to the soil. I think that for most crops the traditional method is economically the better for the farmer.

Mr. ROXBURGH: In other words, it is more of a supplementary fertilizer under certain conditions, times of the year, weather, and so on.

Mr. ANDERSON: Yes.

Mr. ROXBURGH: Thank you.

The VICE-CHAIRMAN: If there are no other questions about this subject we will proceed to Analytical Chemistry Research Service. Mr. Anderson will comment briefly on this and then, if you have questions, you can put them.

Mr. ANDERSON: The three services: analytical, engineering and statistical are actually in branch services primarily; that is, they are centralized services for branch scientists as a whole, with analytical chemistry undertaking a number of routine tests that are better centralized in Ottawa than elsewhere; engineering research, in part, providing and developing various types of equipment for the branch and statistical research service, of course, dealing with the whole area of statistics, the use of computers in handling our research. All three are actually in branch.

The VICE-CHAIRMAN: Are there any questions about the engineering research service? If not, we will then pass to the Statistical Research Service.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): How far have you gone in computerizing your statistical branch?

Mr. ANDERSON: A long long way but like all other organizations in this country and, I would say, throughout the world, the shortage of staff in this area is really quite a problem. We have, as one of our highest priorities, to build up. For example, almost all of our genetics research with animals is computerized. Nearly all the standard types of testing we do of crops, fertilizers and the like is handled in a machine operation.

The VICE-CHAIRMAN: Are there any other questions?

(*Translation*)

Mr. CLERMONT: What about statistical service? Will this provide the information according to which the government will provide national subsidies, for instance? In such a case, will the data be provided by this service? Or will this data be provided by another service? For instance, I have reference here to the support price for milk last year. The average price was \$3.30 at the beginning of May and the Department of Agriculture therefore announced no additional subsidies to be paid. Will this data be provided by this service?

(*English*)

Mr. ANDERSON: This statistical service that we are discussing is only the research.

The VICE-CHAIRMAN: We will proceed to the Establishment. We might take the Eastern Establishment as a whole and proceed according to the list which everybody has, if you wish. I think it would be the desire of the Committee to try to finish with Item 5 today and return to Item 15 at our next meeting. Are there any questions about St. John's West? Charlottetown, Summerside, Kentville, Nappan, Fredericton, Caplan, Ste. Anne de la Pocatière.

(*Translation*)

With regard to La Pocatière, I would like to put a question myself. Will there be a considerable difference in the services at La Pocatière because of the fact that formerly this station was independent. There is some talk of its coming henceforth under the new station at Laval. Will this make a big difference in the services provided by Ste. Anne de la Pocatière at the present time?



(English)

Mr. ANDERSON: Yes, Mr. Chairman, I hope that our services at La Pocatière will be improved in the sense that they will be more highly applied to the problems of the area where some of the general types of research that was and is being done at Ste. Anne de la Pocatière will move to Laval when that station is built. We are quite firm in our intention and our expectation that we shall give better service to the area in its prime and practical problems than we have been able to do in the past.

Mr. TUCKER: If we could go back to the Experimental Farm at St. John's West, I wonder if Mr. Anderson would care to elaborate on the work of the Experimental Farm there. Is this just for the eastern area of the island or is the service available for all parts of the island, and are the farmers aware of the facilities of the station?

Mr. ANDERSON: In answer to the first question, it is certainly a station to serve the whole island. As you know, this is quite a problem but has been improved by the improved trans-Canada highway that at least allows us to get readily to the other side of the island. Its work deals with the problems of the island as a whole. We have project farms throughout the island. Actually we have seven of them that are operated by the station at St. John's West: Lethbridge, Cormack, Doyles, Cupids, Bay Roberts, St. Davids and Comfort Cove. We are trying to take our work as widely as we can across the island.

● (10.29 a.m.)

Mr. TUCKER: You have done quite a fair amount of work as far as bog land is concerned. Could you report on how this experiment has worked out?

Mr. ANDERSON: I think we have made considerable progress but there is, of course, first the problem of drainage. As you know we have done considerable research on types of ditching, ditching machines and the like. On crops that you can grow we also have made extensive studies and one can produce quite a range of forage crops and vegetables, in particular, on these soils. We have also had experiments relating to the feeding of animals on forages grown on marshland soil.

Mr. TUCKER: Has anything been done to bring to the farmer's attention the availability of the services of your station?

Mr. ANDERSON: I think, actually, we are doing a good job in that area. Our superintendent, Mr. Chancey I think, is very well known throughout the island in all areas and, as you know sir, he is a driving, enthusiastic research man, a good farmers' man, a good speaker. I think he is doing an excellent job.

Mr. TUCKER: Thank you.

The VICE-CHAIRMAN: Are there any questions on L'Assomption?

(Translation)

Mr. COMTOIS: Simply a few questions with regard to the L'Assomption Experimental Farm. There are, I believe, four or five seasonal employees there.

Some have been working there for ten years on a seasonal basis. These people are out of work during the winter for one or two months, and I believe that this situation should be improved in order to allow these people to become permanent and to avail themselves of the advantages which they do not enjoy at the present time. Is there any specific reason why these people are laid off during the winter—it is simply that they have not become permanent?

(English)

Mr. ANDERSON: Mr. Chairman, this is, of course, the general situation throughout all of our establishments from coast to coast; because of the nature of farming and the seasonal work, the additional work that we must do during the growing season, we must lay on extra staff to carry this work, and this is organized under the regulations of the Civil Service Commission. We have people employed, I think, at every establishment that we have from coast to coast. We do endeavour to give these people a preference, particularly good men who have worked for several years, as soon as a permanent position opens up. Naturally, because of their experience and so on they have an advantage. I do not think we could possibly, throughout the country, have all of our employees on a year round basis.

Mr. COMTOIS: But you see, sir, that there are more than four or five working during the summer. At least four or five worked 10 to 11 months every year; some of them for ten years.

Mr. ANDERSON: We are trying to do our best to give them as much employment as we can. If we have extra work to do around the station, after harvesting for example, in the form of painting and repair work and so on, we will keep these people on if we can.

Mr. COMTOIS: Yes, but they can never become permanent.

Mr. ANDERSON: Not unless a permanent position opens up, they apply for it and are appointed to it as the result of a competition.

Mr. COMTOIS: Who decides that?

Mr. ANDERSON: In the first place, the number of permanent positions and the number of seasonal positions is essentially under my control as part of the operation of the branch. The filling of a position is, of course, under the regulations of the Civil Service Commission.

Mr. MUIR (*Lisgar*): One of the problems in this particular area is if your station is called an experimental farm and these people are hired as seasonal farm workers. Then, as farm workers they are not entitled to unemployment insurance. But if it is called a station, then they are entitled to it. Is that not right?

Mr. ANDERSON: No. I do not think that the difference lies between whether we call it a station or a farm. It simply relates to the classes that are established by the commission.

Mr. MUIR (*Lisgar*): There is no opportunity to have these people who will probably work six, seven or eight months of the year on the farm, brought under unemployment benefits?

Mr. ANDERSON: This is quite beyond the control of the branch and of the department. It really relates to a total policy of handling manpower throughout the country.

Mr. MUIR (*Lisgar*): It must make it more difficult for you to get proper assistance. Have you people ever approached the Unemployment Insurance Commission to see if this could be done?

Mr. ANDERSON: I wonder if Mr. McCrea would answer you on that?

Mr. J. P. MCCREA (*Chief, Property and Finance, Research Branch, Department of Agriculture*): Under the Unemployment Insurance Act farm workers are excluded. Some years ago we bent the regulations a little bit by having persons who came to us with an unemployment insurance book, kept on and we paid unemployment insurance for them. We were checked up very severely on it; as a matter of fact, we had to pay in some instances from the vote an amount of money and refund it back to the people from whom we had collected unemployment insurance. At that time we were told, in no uncertain terms, that any person who was engaged in farm work was not insurable.

Mr. MUIR (*Lisgar*): I would think that this was a little different than ordinary farm work. In the first place, it is a federal institution. Is there any other federal institution where the people are not entitled to unemployment insurance?

Mr. MCCREA: I could not answer that; I do not know.

Mr. MUIR (*Lisgar*): If this is true and if this is the only branch of the service that is not able to give their employees unemployment insurance, then I think the experimental farms are being discriminated against, just by regulation.

Mr. MCCREA: We do, sir, pay unemployment insurance for tradesmen, machinists, electricians and so on.

Mr. MUIR (*Lisgar*): This would happen in any case. The man I am talking about is the man who is going to work for you for the greater part of the growing season and yet, when he is through, he has nothing else to do. He has to go home and babysit with his wife. It is difficult for these people because the money that they earn in the summer has to carry them through the winter. I think this is one area that could be looked into very well. The regulations, you know, are made to be broken in lots of cases, particularly if they are silly. I think in this case, where you have people whom you expect to rehire in the following growing season, to expect them to sit over the winter without earning anything is a little discriminating.

Mr. ROXBURGH: Are the men and women who are hired just regular labourers rather than experienced farm help, and do they go there and do that work rather than a tradesman's work of saw and hammer, shall we say?

Mr. ANDERSON: Yes, I think so. We are involved in different situations in different parts of the country but, generally speaking, I do not think we have any trouble in obtaining good casual seasonal labour.

Mr. ROXBURGH: You would not be able to carry on without that seasonal labour?



Mr. ANDERSON: No.

Mr. ROXBURGH: I think that certainly should be looked into because it seems to be very unjust. We should do this.

Mr. RICARD: Who made the complaint in the particular case you mentioned a while ago, where you were forced to reimburse the amount of money that had been contributed on the part of the employer and the employee.

Mr. MCCREA: An inspector of the Unemployment Insurance Commission. They audit our records regularly. He reported it to his office and we were given instructions, in writing, as to what we had to do. The reimbursement was to the individual from whom we had deducted the contribution. I think I would like to correct one impression, too, that occurred earlier. A true seasonal employee is or may be considered a permanent employee, a permanent seasonal employee, and he has the benefits of permanent employment; that is to say, superannuation and so on. But a casual employee does not have those fringe benefits. There is a difference between a casual employee and a seasonal employee. There are many seasonal employees throughout the government services in other departments as well as Agriculture, and they do have status. You can be a permanent seasonal employee or a permanent full time employee, of course. On the other hand, you may be occupying a full time position but not be a permanent employee.

Mr. RICARD: Like the other. I think this has to be looked into very closely.

(Translation)

I have another question about the Experimental Farm at l'Assomption. We specialize in the study of tobacco. Now, in the Louiseville area, we are considering taking orders from the French National Tobacco Company who might set up a plant there. What about the services at l'Assomption? Will they be at the disposal of that new company to enable the growers in that area to produce tobacco which could be used for these French cigarettes?

(English)

Mr. ANDERSON: We certainly will make every attempt to make available our tobacco experts for advisory purposes both to the company and to the farmers. Whatever develops, I am sure our staff will be on top of it and give all the help they can.

Mr. RICARD: Before we proceed, Mr. Chairman, is not the province coming first and then the federal officials? Is it a joint responsibility?

Mr. ANDERSON: I do not think that the province has any work on tobacco so that we will have to carry the responsibility.

(Translation)

Mr. MATTE: What is done with the products of these experimental farms? Are these products sold, or burnt, or what?

(English)

Mr. CHAGNON: We sell these products to the best possible advantage.

Mr. ANDERSON: We sell out products to the best possible advantage, wherever they occur, when we have to. For example, we may have fruit that we are producing as the result of an experiment in breeding of plants or in studying the protection of trees from disease and pests and the like. We may, for example, let a contract that would involve picking the fruit and the contractor gets the fruit. It is somewhat of a competitive contract.

(Translation)

Mr. YANAKIS: How important is the Lavaltrie Sub-station which is situated about ten miles from the Experimental Farm at L'Assomption?

(English)

Mr. ANDERSON: It is, as you know, on a beautiful piece of land for the production of tobacco and we have a permanent manager there. As it is very close to L'Assomption, it is run essentially as part of the L'Assomption operation. It is actually a beautiful little farm.

The VICE-CHAIRMAN: Are there any questions about the experimental farm at Lennoxville?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Are you doing any experimentation with sudan grass in Lennoxville.

Mr. ANDERSON: Yes, I believe we have worked with sudan grass at Lennoxville itself.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Are you conducting tours for local farmers, as you used to do in Lennoxville? At one time I believe there were a great number of local farmers who toured Lennoxville each year and I am informed now that the number who tour Lennoxville has been reduced substantially. Is there any explanation for this or do you intend to undertake a public relations program to increase visiting at the farm?

Mr. ANDERSON: I must admit this was not my impression. I thought that Lennoxville was quite a centre, that there are a great many farm meetings there to which members of our staff speak, and that it was widely visited. I must say I had received no impression that this had fallen off at all in recent years.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I received some information to the effect that visiting had fallen off substantially.

Mr. ANDERSON: The next time I go there I will certainly look into it.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Perhaps I am wrong.

(Translation)

Mr. COMTOIS: Mr. Chairman, are all experimental farms open to the public?

(English)

Mr. ANDERSON: Yes.

Mr. COMTOIS: Even during the weekends?

Mr. ANDERSON: We do not expect the public to be rambling over our experimental fields, but most of our farms have a small public picnic area which is used; so long as the public behaves itself, and I must say that they do extremely well in all of our stations, we hope they will look around and see what is what.

Mr. COMTOIS: Are there any plans for the expansion of the services at L'Assomption?

Mr. ANDERSON: Not at the present time.

*(Translation)*

The CHAIRMAN: If we want to conclude to-day, this might be difficult, but we should perhaps restrict our questioning, though of course I would not like to prevent you from putting any questions you would like to ask—we now move to Normandin. Mr. Gauthier.

Mr. GAUTHIER: We were told here that the Normandin Experimental Farm comes under Lennoxville. Is this simply a station for testing and the like? And when these tests are made, are the results sent to Lennoxville, or does Normandin have its own administrative office? Is the experimenting carried on in Normandin itself?

*(English)*

Mr. ANDERSON: The situation is that we are carrying out at Lennoxville a number of research programmes, experiments and testing both in the plant and animal area, but these are really run in cooperation with more senior scientists at Lennoxville and La Pocatière. I think that is the best explanation I can give. The farm is a fairly large one and is in extensive use for research for the testing of crops and certain procedures with animals.

*(Translation)*

Mr. GAUTHIER: I have noticed that testing has been carried out—there is a nursery even in Normandin. What about these nurseries, these tree nurseries? Is there any experimenting carried on on trees in Normandin? Does this come under your own research program?

*(English)*

Mr. ANDERSON: The research branch of the Department of Agriculture has no tree nursery up there; forestry may have. We have forest crop nurseries and the like but no tree nursery under our department.

*(Translation)*

Mr. GAUTHIER: Could the Department of Forestry use the station there? Can the Normandin Farm carry out research on wild fruit produced, for instance, in the Lake St. John area, such as blueberries? Are there experiments carried on there on that subject?

*(English)*

Mr. ANDERSON: There is no reason why it should not carry out work on wild fruit although I do not think we actually do have work on blueberries at



Normandin at the present time. We have a study of blueberries, on the prairies and, of course, we have various wild fruits under study in various parts of the country.

*(Translation)*

Mr. GAUTHIER: You have blueberries... Is this carried out by the federal government or by the province?

*(English)*

Mr. ANDERSON: We have a study, as I recall it, in the Peace River block. This is our main work with blueberries; it happens to be up there.

*(Translation)*

Mr. GAUTHIER: Would this be at the request of the provincial government, or would this be on your own initiative? To have research work carried out at the Normandin Experimental Farm would the request have to come from the province originally?

*(English)*

Mr. ANDERSON: Mr. Chairman, I am sorry but for some reason, I was thinking of a different type of berry. We obviously have been working in the east on blueberry work. Requests do not normally come from the province; they are initiated by us. We have had work both out of Kentville and Fredericton and we now have an operation going at Nappan. We have transferred our main studies into the Nappan area. We have also done work in Newfoundland. We have done quite extensive work in blueberries and I do not know why my mind was running on a different type of fruit. Actually the work on the fruit in the west that I was thinking of was being done at Saskatoon.

*(Translation)*

Mr. GAUTHIER: Over the last few years, has the Normandin station begun experimenting with regard to beef cattle? Apart from sheep and dairy cattle, we have in the area at the present time and have had over about two years, a great many beef cattle.

*(English)*

Mr. ANDERSON: We have no beef work at Nappan. We have work on dairy cattle and cheese making. We cannot run every brief, so to speak, at every station. The main work on beef in the Province of Quebec is at Lennoxville.

*(Translation)*

The CHAIRMAN: Since it is almost five to eleven, I think it might be a good idea.

*(English)*

The VICE-CHAIRMAN: It will be necessary to return to Votes 5 and 10 next Tuesday. After we have completed this item we will take Item 15.

(Translation)

Mr. CLERMONT: Since the Finance Committee, of which I am a member, will be going to Montreal next Tuesday, may I put a question with regard to the Experimental Farm at Kapuskasing?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): We could sit until 11. I would like to put some questions on St. Jean, which comes next.

(English)

Mr. HORNER (*Acadia*): We can continue to 11 o'clock; we have seven more minutes.

(Translation)

Mr. CLERMONT: What about the new project for beef cattle at the Kapuskasing Experimental Farm?

(English)

Mr. ANDERSON: The Kapuskasing Experimental Farm is now running in very close conjunction with our operations in Ottawa where we have one of our principal groups of experts in animal breeding and animal nutrition. We have experiments running at Kapuskasing relating to nutrition in this area of beef cattle.

(Translation)

The VICE-CHAIRMAN: The experimental station at Saint Jean, Mr. Watson?

(English)

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I have a fairly general question which I would like to ask; I will apply it specifically to St. Jean. I have often wondered why your department never developed, for the farmers in western and southern Quebec and in eastern and southern Ontario, the grain corn. This, as you know, is the major new crop that has appeared in this area in the last few years. It seems that the development work has come entirely from private industry; at least, that is my impression. I would like to know why, if the Department of Agriculture is there, supposedly, to develop new crops for farmers, the major crop that has appeared in the area in the last few years has been developed almost entirely by private industry. Perhaps I err in this statement but this has been my impression, at least in southern Quebec.

Mr. ANDERSON: I am going to ask Dr. Woodward to answer this, but I think we are behind a lot of the work that is coming out through private industry. It is a fairly detailed field and I will ask Dr. Woodward to reply.

Dr. J. C. WOODWARD (*Associate Director General, Research Branch, Department of Agriculture*): Mr. Chairman and Mr. Watson, over a period of more than 30 years, we have had a very comprehensive and intensive program of corn improvement and we feel that we have made a very, very considerable contribution toward the corn explosion, if you like, in eastern Canada, to developing corn to where it is, perhaps, our highest yielding crop per acre for

animal feed. We have done this through the development of inbred lines which when combined will produce a hybrid which is adapted to the number of heat units. Actually we have all southern Ontario and southern Quebec indexed in heat units and what corn hybrids will develop there. Now the policy, sir, and why you feel that these developments have come from industry, is that in our breeding program we develop inbred lines which will combine to produce a hybrid which has the sort of characteristics that are required for a particular area in Canada. We have a corn group committee which advises and helps us in determining to which of a number of commercial enterprises we should hand these two inbred lines because it is a tremendous job of work in producing this hybrid seed. The work of producing hybrid seed is carried out by industry but the work of producing the inbred lines which are crossed to produce the hybrid seed is largely the contribution of the federal department.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): This is really a question of the department doing the work but not getting across the fact that it has been doing the work and the results is has worked to the farmers.

Mr. ANDERSON: But we are getting the seed across to the farmers and that is the important thing. As a matter of fact we are rather proud of the work that we have done in expanding corn from the hot areas in the United States where it is indigenous, where it grows readily, further and further into eastern Canada under conditions to which the crop is not normally adapted.

● (10.56 a.m.)

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I am very pleased to hear that you people were responsible because it was my impression, and I think it is the impression of the general public, that this has come entirely from private industry.

Mr. ANDERSON: Private industry makes a contribution but it is more efficient to have them produce the hybrid seed as long as we are developing the more difficult task of producing the pure bred lines.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Do you people have any corn plots now at St. Jean?

Mr. ANDERSON: Yes.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Do you have any at Lennoxville?

Mr. ANDERSON: I think so.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Do you have any at Ste. Clothilde?

Mr. ANDERSON: No, I do not think that is used for field crops.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I would think, if I may make a suggestion here, that it would be worthwhile to put a plot in at Ste. Clothilde because the highest yield on grain corn that occurred in my area last year was from somebody who used just black muck land to grow their corn, and he had a very good yield.



Mr. ANDERSON: We will certainly bear that in mind.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Now, I have one other question on the Ste. Clothilde substation. I had the impression that you had moved your laboratory facilities from there to St. Jean simply because some of the people in St. Jean did not feel like driving back and forth every day to Ste. Clothilde, and the fact that the living conditions in St. Jean were, perhaps, a little more city-like encouraged the local manager to make a recommendation to Ottawa that the facilities be moved from Ste. Clothilde to St. Jean, a distance of about 25 miles. Quite frankly I cannot see the merit in that particular move.

Mr. ANDERSON: This, of course, is one of the problems in the management of research and we are endeavouring to manage it as best we can in that area. The main concentration of our professional work is at St. Jean. But this is quite common; it is a very short distance from one farm to another, about 25 miles.

The VICE-CHAIRMAN: It is eleven o'clock.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I have one further question, Mr. Chairman. Are you trying to produce sudan grass at St. Jean too?

Mr. ANDERSON: I expect so.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): If you are not, I think you should. Would you make a note of this?

The VICE-CHAIRMAN: The next meeting will be next Tuesday at 9.30. The meeting is adjourned.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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PROCEEDINGS

No. 10

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Respecting

Estimates (1966-67) of the Department of Agriculture

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TUESDAY, MAY 31, 1966

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WITNESSES:

*From the Department of Agriculture:* Dr. R. Glen, Assistant Deputy Minister, Research; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Mr. J. P. McCrea, Chief, Property and Finance; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. R. K. Bennett, Director General, Livestock Division; Mr. R. B. Goodwillie, Director, Dairy Division.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Honey,	Mr. Olson,
Wolfe),	Mr. Hopkins,	Mr. Peters,
Mr. Beer,	Mr. Horner ( <i>Acadia</i> ),	Mr. Pugh,
Mr. Choquette,	Mr. Johnston,	Mr. Rapp,
Mr. Clermont,	Mr. Jorgenson,	Mr. Ricard,
Mr. Comtois,	Mr. Lefebvre,	Mr. Roxburgh,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Schreyer,
Mr. Éthier,	Mr. Madill,	Mr. Stafford,
Mr. Faulkner,	Mr. Matte,	Mr. Stefanson,
Mr. Forbes,	Mr. McKinley,	Mr. Tucker,
Mr. Gauthier,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gendron,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Godin,	Mr. Neveu,	<i>guay-Huntingdon-</i>
Mr. Grills,	Mr. Noble,	<i>Laprairie</i> ),
Mr. Herridge,	Mr. Nowlan,	Mr. Yanakis—(45).

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

TUESDAY, May 31, 1966.

(11)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:45 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Choquette, Crossman, Éthier, Faulkner, Gauthier, Godin, Herridge, Honey, Hopkins, Johnston, Jorgenson, Laverdière, Lefebvre, Madill, Matte, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Olson, Rapp, Ricard, Schreyer, Tucker, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (28).

*Also present:* Mr. Nielsen.

In attendance: *From the Department of Agriculture:* Dr. R. Glen, Assistant Deputy Minister, Research; Dr. J. A. Anderson, Director General, Research Branch; Dr. J. C. Woodward, Associate Director General, Research Branch; Mr. J. P. McCrea, Chief, Property and Finance, Research Branch; Mr. J. S. Parker, Director General, Administration; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. R. K. Bennett, Director General, Livestock Division; Mr. J. C. Moffatt, Director of Administration, Production and Marketing Branch; Mr. D. B. Goodwillie, Director, Dairy Division.

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, items 5 and 10, Research.

At the request of Mr. Herridge, it was

*Agreed,—*That the Officials of the Research Branch of the Department of Agriculture would supply a paper showing the milk yields of Holstein Herds at the Central Experimental Farm, Ottawa, and that it be appended to the Proceedings and Evidence of this day. (*See Appendix "I"*)

At the request of Mr. Olson, it was

*Agreed,—*That the officials of the Research Branch of the Department of Agriculture would supply a paper showing the number of staff and the operating and maintenance costs for the individual Research Branch establishments of the Department of Agriculture and that it be appended to the Proceedings and Evidence of this day. (*See Appendix "II"*)

On motion of Mr. Olson, seconded by Mr. Muir (*Lisgar*)

*Agreed,—*That the officials of the Research Branch of the Department of Agriculture supply a statement on machinery for reseeding range land and that it be appended to the Proceedings and Evidence of this day. (*See Appendix "III"*)

The Committee completed consideration of items 5 and 10, Research, of the estimates of the Department of Agriculture for the fiscal year 1966-67. The Chairman congratulated the officials of the Research Branch and thanked them for their cooperation.

On motion of Mr. Asselin (*Richmond-Wolfe*), seconded by Mr. Madill,  
*Agreed*,—That items 5 and 10, Research, of the estimates of the Department of Agriculture for the fiscal year 1966-67, carry.

Mr. Muir (*Lisgar*) requested that the Subcommittee on Agenda and Procedure be asked to consider whether a letter be sent to all members of the Committee informing them of the topics the Committee would be considering over the next several weeks.

The Chairman then recalled item 15, Production and Marketing, of the estimates of the Department of Agriculture for the fiscal year 1966-67.

The Chairman introduced the officials from the Production and Marketing Branch, after which the Committee started questioning the Departmental officials.

At 11:45 o'clock a.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to Thursday, June 2, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

TUESDAY, May 31, 1966

• (9.45 a.m.)

The CHAIRMAN: Gentlemen, we have a quorum. We will start the meeting. We have with us this morning Dr. Anderson, Dr. Woodward, Mr. McCrea, Dr. Glen and Dr. Parker.

We got as far as the experimental farm at Normandin on Friday. Was discussion finished on the Normandin farm?

Mr. HERRIDGE: Where is that, Mr. Chairman, its geographical location?

The CHAIRMAN: The Lac-Saint-Jean area.

Mr. HERRIDGE: I have never heard of it before.

The CHAIRMAN: Have you a question, Mr. Gauthier? Are there any further questions concerning the research station at Saint-Jean?

The Entomology laboratory at Chatham, any questions concerning this? The experimental farm at Delhi? All I can say about the experimental farm in Delhi is, in the recent issue of the *Rural Co-operator*, there is an article indicating that the Norfolk County Federation are asking the local representative—and he told me he was going to be here this morning—to put up bigger signs pointing out how important his station is to the tobacco growing industry. I think the article said it was the most developed tobacco research station in the world. I do not know whether or not it was exaggerating the point. Is it, Doctor Anderson.

Dr. J. A. ANDERSON (*Director General, Research Branch, Department of Agriculture*): It sounds good, anyway.

The CHAIRMAN: The experimental farm at Fort William.

Mr. HERRIDGE: What would be the work, principally, at the farm at Fort William?

Mr. ANDERSON: The farm at Fort William is just a small station; it has not been in existence for very long, and is doing, really, the testing work for that particular area. There are several small agricultural areas lying out in various directions from Fort William, and we are testing the various forage and cereal crops in that area.

The CHAIRMAN: How big a staff do you have?

Mr. ANDERSON: We have one professional there, and two or three sub-professionals that work there as a substation of Ottawa.

The CHAIRMAN: Any further questions? The research station at Harrow is the most important one in Canada.

Mr. HERRIDGE: Well, we are coming to that one.



The CHAIRMAN: This one is in Essex South.

I have one question that I would like to ask about the research station at Harrow. We do know that there are plans for new facilities at Harrow. There has been a great deal of thought and discussion and requests concerning equipment for testing plants, soil for mineral deficiency, also for testing vegetable and fruit products for carryover of insecticides and pesticides. In the new facilities at Harrow, will this be provided?

Mr. ANDERSON: Yes, I think that we are fairly well equipped in most of our stations, and certainly when we get the new building at Harrow we will make sure, as we get the additional space that we provide the equipment we need for this type of work.

The CHAIRMAN: The experimental farm at Kapuskasing.

Mr. LEFEBVRE: Mr. Chairman, if you remember at the meeting before last I asked a series of questions on the relations between the Kapuskasing station and the county of Temiscaming in Quebec, and I was told—I do not know if the gentleman to whom I was talking is here this morning—that he would give out the answers at the following meeting when this came up.

Mr. ANDERSON: Mr. Chairman, we have two project forms on the Quebec side that are operated from Kapuskasing. The first one is at Guyenne, and the second at Ville-Marie. They are both fairly substantial acreages in which we are doing our testing work for those particular areas, operating from Kapuskasing.

Mr. LEFEBVRE: Were you the gentleman, doctor?

Mr. ANDERSON: No, it was the deputy minister, Mr. Barry. I was away that day, I am afraid. I was in Winnipeg.

Mr. LEFEBVRE: He had told me that he would give a more detailed explanation of the work carried out by your Department in the county of Temiscaming. That is why I mentioned it; when the Chairman mentioned Kapuskasing, that is why I asked you this question.

Mr. ANDERSON: Well, as you know, this is an area in which they are interested in raising beef and dairy and with the forage crop, with the feeding operation; and the problem is primarily the production of feed crops, both forage and grain, in those particular areas, and accordingly we can experiment out from Kapuskasing with the crops, the particular varieties that are suitable for that part of the country. I think you will agree that there is enough similarity across from east to west, that the variety made up in Kapuskasing would be useful in the Guyenne and Ville-Marie areas.

Mr. LEFEBVRE: That was just the point of my question, sir, that it is not that similar. According to the people in this district that have spoken to me about this problem, they would like to know how extensive are your studies at this station in Ville-Marie?

Mr. ANDERSON: Well, we have, of course, started with soil surveys in these areas, and we know the differences in the soils on both sides of the border across through the whole of that area. I think it is literally true that, in many parts of Canada, if you go 100 miles you get some change in conditions, but I do

not think these changes are of a nature that indicates that entirely different crops should be grown in these areas.

We understand also that the province of Quebec is considering establishing a farm up in that area. We have talked to them about this, and I must not commit them in any sense, but there has been discussion.

Mr. LEFEBVRE: Is there any co-operation between your station at Ville-Marie with the Ontario government experimental farm in the County of Timiskaming in Ontario, at New Liskeard?

Mr. ANDERSON: The co-operation between ourselves and between the research branch of the Canada Department of Agriculture and the whole Ontario organization, particularly up in the New Liskeard and Kapuskasing area has developed very rapidly over the last year and a half. I think you could say that, in this area, both the province and the federal people are working very closely together, and I somehow doubt whether the Ontario provincial people go across the boundary, but I am sure that the information, at least, is available.

Mr. LEFEBVRE: Yes, Would this one in New Liskeard be the only one operated by the Ontario government?

Mr. ANDERSON: No, the Ontario government has stations at Ridgely, Vineland, Kemptonville; they have several.

Mr. LEFEBVRE: Thank you.

Mr. ANDERSON: And, of course, the big agricultural college at Guelph, which is their main centre.

The CHAIRMAN: Are there any further questions on Kapuskasing?

We are supposed to have passed Harrow, but one thing that I would like to ask on the research station at Harrow is, what is the total budget for Harrow, and what is the total staff?

Mr. ANDERSON: Well, I will let Mr. McCrea answer that; he has the details.

Mr. J. P. MCCREA: The total operation and maintenance budget for the current year, that is, 1966-1967, is \$646,705, and the staff is about 90.

The CHAIRMAN: And the experimental farm at Smithfield is where?

Mr. ANDERSON: Smithfield is down near Belleville. Actually it is slightly west and north of Belleville, and it is primarily a fruit and vegetable experimental station.

The CHAIRMAN: The research station at Vineland? Any questions concerning this? The research station at Ottawa.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I would like to ask whether there have been some major changes in the herd you have at the farm in Ottawa. Were there changes made in the herd of cattle there during the past year or two?

Mr. ANDERSON: At Ottawa?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): At Ottawa.

Mr. ANDERSON: We have been reorganizing some of our beef herd, and we have moved some of the beef cattle from Ottawa up to Kapuskasing, and we

have a demonstration herd of beef cattle—a small demonstration herd—coming into Ottawa.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): You have a dairy herd.

Mr. ANDERSON: We also have a dairy herd, yes.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Have you done anything to it in the last couple of years?

Mr. ANDERSON: No, I think that we have a demonstration herd, and we have a large experimental herd, as well.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): What do you mean by experimental herd?

Mr. ANDERSON: I mean, a herd with which we are actually doing research. It will be research either in the breeding field or in the nutrition field, and we are doing both here in Ottawa.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I heard criticisms, not this year but during the past two years, that you had a fairly low calibre herd at the experimental farm, and that it was a disgrace to the country that we had such a low calibre herd there.

Mr. ANDERSON: This, gentlemen, is a difficult question to answer because we are concerned with doing research, and when we are doing research—for instance, when we are doing research in the field of genetics—we are doing collection experiments. In order to get scientific results which are meaningful, we must continue to keep the control animals as well as those that are superior. As the result of this, you get a mixed herd. In addition to this, we are not, generally speaking, going for confirmation *per se*; that is, for a show herd type. We are going for production of total dollars in milk, and in our investigations in this area, of course, we are making measurements of all the associated characteristics.

The research man has to free his mind from the traditional concept of what a cow should look like and deal with what he is expecting a cow to do, which is to produce milk.

It is a touchy area with us, and I have no doubt that the comment is a fair comment. I am trying to explain why it exists.

The CHAIRMAN: Mr. Madill has a question, Mr. Anderson.

Mr. MADILL: The experimental farm at Ottawa has been acquiring more land further afield, out a piece, from Ottawa at the present time?

Mr. ANDERSON: For the research branch and the health of animals, we have 4,000 acres now on the green belt, of which 2,800 are allocated to the research branch, and we are developing it as our major animal stations in Canada.

Mr. MADILL: These are already purchased?

Mr. ANDERSON: Yes, and we have done a good deal of work and started building on it.

Mr. LEFEBVRE: A supplementary question. Mr. Watson was speaking of the herd, and recently in the papers there was an announcement that a special type



of cows were brought over from France, and were quarantined for six months, I believe?

● (10.00 a.m.)

Mr. ANDERSON: The Charolais.

Mr. LEFEBVRE: Have you any of these new types?

Mr. ANDERSON: We have none of these in Ottawa.

Mr. LEFEBVRE: Does the federal Department of Agriculture have any of them anywhere?

Mr. ANDERSON: We are using the Charolais; actually, we are using the semen in a major cross-breeding operation experiment that we have out of Lethbridge.

Mr. LEFEBVRE: According to the papers most of these went out west; is that correct.

Mr. ANDERSON: So I understand.

Mr. LEFEBVRE: And you have contacts with those people out west?

Mr. ANDERSON: Well, we have sources available for semen for the experimental work which we are carrying on with this breed.

Mr. LEFEBVRE: Thank you.

Mr. HERRIDGE: Mr. Anderson, what breeds do you have at the experimental farm here, and how do their records compare with the same breeds at the Ontario Agricultural College?

Mr. ANDERSON: Mr. Herridge, I cannot tell you the answer to that, because this requires facts. We will answer that in writing, if we may. I think that it is a difficult question to answer in the sense that we should take those animals which have been on selection for quite a period of years as part of our experiment and represent the different parts of our herds, and then we would have the problem of what to compare them with at Guelph. I think it is a little difficult for us to deal with a question of that sort, to answer it fairly but we will talk to you.

Mr. MUIR (*Lisgar*): Mr. Herridge asked you what type of—

Mr. ANDERSON: Oh, yes, what type we have. We have mainly a Holstein herd, we have some Ayrshires, and our demonstration herd has Guernseys, with Jerseys in it as well. We have four breeds of dairy cattle, but we are working mainly with two.

Mr. MUIR (*Lisgar*): And you have no beef cattle?

Mr. ANDERSON: Yes, we have. We have Shorthorns at Ottawa.

The CHAIRMAN: One question I would like to ask about the research station at Ottawa, how many tourists visit there in a year?

Mr. ANDERSON: Mr. Chairman, sometimes I think on a Sunday it is a question of how many visit in a day. I cannot give you an exact answer on that today. There must be thousands and thousands that come through. We cannot

tell, of course, how many are tourists and how many are citizens of Ottawa. As you know, Ottawa has some pride in the Central Experimental Farm, and we get lots of people, especially in our arboretum and in our ornamentals garden.

The CHAIRMAN: Any further questions concerning Ottawa?

The experimental farm at Brandon. No questions?

The experimental farm at Morden.

Mr. MUIR (*Lisgar*): Mr. Chairman, I have a couple of questions on this farm. But before I ask them I would like to express the appreciation of the people of almost of all Manitoba for having this excellent farm which is located in south central Manitoba, and particularly for its impact on the growing of specialty crops in the Red River Valley. I know that of late years because of its variety of fruits and trees, it has become a mecca, not only for the local people, but for the people practically of the whole province, and it has also become a great place for the Americans to visit. I would hope that this farm would be given every assistance from the department to continue to better its work in the years to come.

Now, the question that I have first is, does the station provide any assistance to canning plants in the area in the development of new quality vegetables suitable for the climate and growing season.

Mr. ANDERSON: Yes, I think we have co-operated with the canning companies down in that part quite closely. We have a section on processing dealing largely with vegetables at Morden. Dr. Walcott is the principal breeder in the area of vegetables and the like.

Mr. MUIR (*Lisgar*): You have probably answered my second question then, because I wanted to know if you were doing any research on the canning quality of these products in co-operation with the canning plants. I mean, do you actually do canning experiments, do you know?

Mr. ANDERSON: We have equipment there for experiments in this area. The problem is sometimes to develop the staff that we need, but I think that we are fairly successful there, but not as successful as we are in some other stations.

Mr. MUIR (*Lisgar*): Well, I think you have been very successful in developing rust resistant sunflowers, which has had a terrific impact on that area.

Mr. ANDERSON: I might say, Mr. Muir, that we are hoping to build at Morden. We will be doing the planning operation this year, but I do not think we will get started with the actual building until probably next year. Commenting on your first question, really, if you are going to change the building, and put up a new office laboratory building there, you are faced with a problem of re-organizing the grounds to fit your new building plans, so that I think it will take us a little while to get back into the shape we would like to be in, in the surrounding ornamental beds and trees, and so on, when we get the building. There will be some disruption for a year or so.

Mr. MUIR (*Lisgar*): I notice that you have a building site—you know the area?

Mr. ANDERSON: Yes, I know the area.

Mr. MUIR (*Lisgar*): —just in the corner that would not disrupt your—

Mr. ANDERSON: It will not disrupt the main gardens. We will have to re-do the grounds around the building when we get it up.

Mr. MUIR (*Lisgar*): There was some disappointment over the cattle being moved. It was the idea to change it from an experimental farm to a pure research station?

Mr. ANDERSON: No, this is part of an over-all policy into which we have been forced, in terms of efficiency. We are concentrating on animal research at fewer stations across the whole country. There will be the principal animal work, the areas where we will have breeding herds, and fairly extensive work will be in Ottawa—we talked about the Green Belt—Fredericton, Lennoxville, Brandon, Lacombe, Lethbridge, and Agassiz.

Now, this does not mean that we will not have animals at some of our other stations, but they will be mainly bought on the rotating fund and will be used in pasture and nutrition experiments.

Mr. MUIR (*Lisgar*): Do you remember what happened to the Ayrshire herd?

Mr. ANDERSON: I think it was brought east.

Mr. MUIR (*Lisgar*): Thank you, Mr. Chairman.

Mr. JORGENSEN: I have a couple of questions, Mr. Chairman. You have been doing a considerable amount of research on the growing of soybeans in that area, and at the present time the extraction plant at Altona is importing considerable quantities of soybeans processed at the Altona plant. How far has research gone on the development of a soybean that will produce in quality and quantity comparable to the American grown product?

Mr. ANDERSON: Gentlemen, this is an area in which we are trying to take a crop and grow it, really, outside of the area in which it is indigenous. The area in southern Manitoba is at the extreme limit of where you can do anything with soybeans at all, and the question of whether you can make it a really effective commercial crop in this area, I think, has still to be settled. We are working in the area but this is hard uphill work against the climatic conditions that exist there.

Mr. JORGENSEN: Have you been doing any plant breeding there, or is it just a question of determining the best—

Mr. ANDERSON: No, we are doing breeding on that crop.

Mr. JORGENSEN: Well, did you not have a variety that was tested and released to some of the farmers in that area?

Mr. ANDERSON: Yes, I think so. I will ask Dr. Woodward to answer that.

Dr. J. S. WOODWARD (*Associate Director General, Research Branch, Department of Agriculture*): Mr. Chairman, we have done breeding work on soybeans at Morden. As a matter of fact, it has been our main centre in our efforts to develop a soybean which would give economic yields in the prairies. We have effected considerable improvement over the last 20 years in the yields



of soybeans in, for example, the Morden area. But our yields still are not comparable to our yields, for example, in southwestern Ontario. If we compare, for example, sunflowers to soybeans, we get more oil per acre from sunflowers than we do from soybeans.

Mr. JORGENSEN: Speaking of sunflowers, on which you have been working, the new variety of sunflower that you obtained from the Russians has turned out very well, has it not? How does that compare with the variety? This is Peredovik, is it not?

Mr. WOODWARD: Yes. As an outyielding, our best graft is this introduction from Morden. I think we will, in the coming years, need—I mean, our breeders will use material from these Russian varieties. Meanwhile, it is filling a stopgap, but it will probably lack some of the disease resistance that we will require.

Mr. JORGENSEN: Peredovik does lack some disease resistance?

Mr. ANDERSON: The main advantage of that variety is its very high oil content.

Mr. RAPP: What is the percentage of oil content that you get from these? What is the percentage of edible oil in it?

Mr. ANDERSON: I think it is up to 42 per cent, or a little higher.

Mr. HERRIDGE: A supplementary question, Mr. Chairman. Has your department attempted to get any of the varieties of sunflowers—

The CHAIRMAN: You are not coming over the microphone.

Mr. HERRIDGE: Oh, pardon me. Damn the things, anyway. I am not used to these modern conveniences, you know.

Dr. Anderson, has your department at any time tried to get the varieties of sunflowers that are grown by the Doukhobors in the Kootenays? They keep in quite close touch with the situation.

The CHAIRMAN: With the sun.

Mr. HERRIDGE: Sunflowers, yes.

Mr. ANDERSON: I think that that department has all the lines and selections that are available, not only in Canada, but from Russia and various other places. Actually, there is a main sunflower conference to be held in Morden very shortly now; I cannot remember the exact date. It is in about two months' time.

Mr. JORGENSEN: The sunflower seed, or the seed of the sunflower festival?

Mr. ANDERSON: No, not a festival; it is a conference.

Mr. SCHREYER: Mr. Chairman, what is the size of the appropriation for this farm, and the size of its staff? Has there been any significant increase in the last five years?

Mr. ANDERSON: The total staff is 71, and the operation and maintenance is \$396,468, about \$400,000. Over the last five or six years, something of that order, there has been an increase of four in the research officer positions there.

Mr. SCHREYER: An increase of four in the establishment of 71?

Mr. ANDERSON: Yes. There are 12 research officers there now.

Mr. SCHREYER: Twelve. That would mean that the remainder would be subprofessionals?

Mr. ANDERSON: Yes. Supporting technicians in the laboratories, plantmen and the like in the field.

Mr. MUIR (*Lisgar*): How many casual people do you employ during the growing season?

Mr. ANDERSON: We never speak of numbers of casual people; we speak of the number of man-years of casual, because we might have a dozen casuals on at one time, but only for a week or so, you see. So we have a casual man-year allotment at Morden of—the last definite figure I have is 1.73—it is about two man-years casual.

Mr. MUIR (*Lisgar*): Have you any idea of how many people that could mean?

Mr. ANDERSON: Well, that might be something of the order four or five people at some times, and that is only one.

Mr. MUIR (*Lisgar*): Do you think that is all they have, four or five people?

Mr. ANDERSON: Yes, in casual.

Mr. MUIR (*Lisgar*): I thought it would be more like 25.

The CHAIRMAN: I think what they mean is that if you had them hired there would be that many people for the whole year, but at times in the year there may be 20 people working there.

Mr. MCCREA: As well, there are prevailing rate employees; that is, full time prevailing rates and seasonal prevailing rates of about 30 man-years.

Mr. MUIR (*Lisgar*): These are the people of whom I am speaking. I would like to take this opportunity again, doctor, of asking you to see what you could do about having these people put on unemployment insurance.

Mr. ANDERSON: We shall have to bear this in mind. If you recall, we discussed this at some length the other day.

Mr. MUIR (*Lisgar*): I am just reminding you.

The CHAIRMAN: Are there any further questions concerning this station, or farm?

Now, the research station at Winnipeg.

Mr. SCHREYER: Do you expect a new rust resistant wheat later than Manitou?

Mr. ANDERSON: We are continuously working on the development of better rust resistant wheats, and I do not know when we will get one that is better than Manitou; but the way that program is going, I look for continued success in that operation; it has been a very successful program.

The CHAIRMAN: How many people are on the staff of the station at Winnipeg, and what is the budget for them?

Mr. ANDERSON: Winnipeg is 106 with a budget of \$905,000.

The CHAIRMAN: It is a big station.

Mr. SCHREYER: Mr. Chairman, of these 106, how many are what you would call professionals?

Mr. ANDERSON: There are thirty-six professionals.

The CHAIRMAN: Any further questions concerning Winnipeg?

The experimental farm at Indian Head.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I wonder if we could have the same information for Indian Head, how many are on the staff, and what the appropriation is.

Mr. ANDERSON: The staff is 45, of whom six are professionals, and the budget for operation and maintenance is \$263,000.

Mr. OLSON: Mr. Chairman, if the witnesses have this information available for each one of the research stations, I wonder if it could be just added, rather than to have to ask for each station—

The CHAIRMAN: As an appendix—

Mr. OLSON: —that is, the number of people on staff, the professionals, and the total budget, just those three answers.

Mr. ANDERSON: For all stations? Yes, Mr. Chairman, we will append the list.

The CHAIRMAN: Fine, thank you.

Mr. MUIR (*Lisgar*): Mr. Chairman, is Indian Head still the main tree growing area in that district.

Mr. ANDERSON: The forest nursery station is with PFRA; it is not with the research branch.

Mr. MUIR (*Lisgar*): Oh, it is not with the research staff?

Mr. ANDERSON: No.

The CHAIRMAN: The experimental farm at Melfort; the experimental farm at Regina; the research station at Saskatoon.

Mr. RAPP: Mr. Chairman, I would like to know why—

An hon. MEMBER: Is this about rapeseed?

Mr. RAPP: Yes, it is about rapeseed, that is right. I would like to know why not enough work is done to extract these toxic things from the rapeseed meal. Last year in December they had a symposium there, and the point was stressed that our meal could not be sold, or could not compete, with meal from other oil dairy feeds, like soybean, and so on. Why is not enough work done along these lines? We have the National Research Council there, the prairie—regional laboratory; but these two do not make enough progress. There is not enough money allotted for research on meal. An industry could be built up on it, and the people that are in this field complain that the toxic factors are not extracted fast enough. Over the years work has been done on it, but nevertheless young animals, young poultry can not be fed on it.



Mr. ANDERSON: This is a difficult research area, and we think we have made some substantial progress. I shall ask Dr. Woodward to comment on this, if I may.

Mr. WOODWARD: Mr. Chairman, there has been considerable research on rapeseed and rapeseed oil meal both by the Canada Department of Agriculture and by the prairie regional laboratories, and on two fronts; one, that with the present steam processing of extraction we now have meal that, with a few minor exceptions, is satisfactory for all classes of livestock. I know you would like to know that the Canada Department of Agriculture has just published a monograph on rapeseed oil meal as a livestock food.

In our breeding program at Saskatoon, we have made some progress in selecting lines with the isocyanate group of chemicals which are in all of the plants of the mustard family, and rapeseed is in this family.

Mr. RAPP: But you cannot feed this stuff to young animals and young poultry and this is where the difficulty arises with the processed meal; they cannot sell the meal. The point is that unless they get to the point where young animals, young chicks, and so on can be fed this meal they will just have to get out of the meal business.

Mr. WOODWARD: I think with the investigation of the methods both of process and of our selections of our rapeseed meal we are very rapidly getting to the point where young animals can be fed. The monograph which I mentioned will go a long way toward lifting reservations on rapeseed oil meal.

Mr. RAPP: But what I would like to know, is it lack of money supply by the federal government to do research work on it, or is it just impossible to make progress?

Mr. ANDERSON: No, I think that it is not lack of money; I think we have an adequate team working in this area, and it is just an area—it takes time to do research, and it takes time to push research through the experimental stages where you are completely convinced that you have the best material to start with, which is plant breeding, the best processing methods in order to eradicate these particular compounds, and a thorough knowledge of the extent to which you can feed this meal of various classes of animals at various stages of maturity. You just cannot do it in a day. It is not a question of limitation of money. I think we are doing fairly well in this area.

The CHAIRMAN: Any further questions?

The experimental farm at Swift Current.

Mr. OLSON: I am not sure whether this is the place to bring it up, but this is one of the only farms where they do some work on agricultural engineering problems.

Now, Mr. Chairman, we need a machine in western Canada that will seed grass seed and legumes into very rough and stony land in doing some of this re-grassing program. I heard once that there was some work being done at Swift Current to develop a machine that would have the capacity for going over rough stony ground and killing all of the vegetation, and packing it and seeding these grass seeds in it. Is this going forward, or was it just a rumour I heard?

Mr. ANDERSON: Well, we have been experimenting with machinery, and I think we have done the main work on re-grassing out of the Swift Current station. As you say, it is a difficult area, particularly if you have stony ground. Agricultural engineering in Canada is a fairly difficult area, and we have been doing a great deal of work on building up our resources in this area, particularly during the last year and a half. I am hoping that we shall make some further progress in developing our over-all capacity for agricultural engineering research in Canada as a whole, mainly on the decentralized basis, because as you point out this is a particular problem for a particular area. There are other problems of a similar kind in other areas of Canada, so that we are aiming at really a decentralized growth of agricultural engineering. We have put some money into it through our grants in aid of research this year and we hope to increase that. It is a very expensive area of research, agricultural engineering.

Mr. OLSON: Do you have a machine in the process of development to do this specific job now?

Mr. ANDERSON: Not to my knowledge, I do not think so.

Mr. OLSON: Has any one of the major machine companies received a grant or some persuasion from you—if I may use that word—to develop such a machine?

Mr. ANDERSON: No; I do not think that we have made any money available. Indeed, I do not think that we have the means to make grants to—not in our Department—industry. The Department of Industry itself, of course, has such possibilities, and to a more limited extent, the National Research Council, not in such a highly applied area as this.

Mr. OLSON: To finish this up, then, do you know of any of the machine companies?

Mr. ANDERSON: I think I shall have to get in touch with my experts in this area; you are just a little outside my area of knowledge at the moment.

Mr. OLSON: Well, Mr. Chairman, I had heard that there was some work being done on this kind of machine. It would be a very heavy and a very expensive machine, I presume, by the time it is finished, and a number of the ranchers and farmers in my area were waiting for some development to where it had reached a practical stage.

Mr. ANDERSON: May we append a statement on this subject?

The CHAIRMAN: I think so, if the Committee agrees.

Mr. OLSON: Fine, that will be satisfactory.

Mr. STEFANSON: On the same subject, we use airplanes for this type of seeding, which have been very successful, and the rocks do not bother us.

Mr. OLSON: I was wondering how the airplanes kill the vegetation that is there.

Mr. STEFANSON: Well, the grass does.

Mr. OLSON: Well, that has not been satisfactory for establishing growth of grass in some areas.

Mr. STEFANSON: You cannot use a rototiller on rocky soil, that is, if the rocks are in sight. But these power-driven rototillers pulled by a tractor will prepare anything which—

Mr. ANDERSON: We have extensive investigations on how best to go about this problem of re-grassing under various conditions. We have work at Swift Current, we have work at Melfort, and I think we have some at Beaverlodge, as well, under the different conditions which exist in these parts of the country.

Mr. WATSON (Assiniboia): Mr. Chairman, I would like to ask Dr. Anderson a question. We all realize that Swift Current has done a tremendous job on soil erosion practices over the past thirty years, since the middle thirties. I wonder how many illustration stations there used to be and how many have been cut out, possibly the answer is, how many are there at the present time, compared to what there used to be? My reason for asking this question is that I think this was a very valuable source of information throughout the country, owing, to the fact that farmers in local areas could go to these illustration stations and see the practices, and there used to be field days—I am thinking back, possibly 15 or 20 years ago—and this has been practically cut out. I realize that the information is still available for people who want to write to Indian Head, or to Swift Current in this case, for this information.

• (10.30 a.m.)

I think there is a lot of merit in having these illustration stations throughout the country, where local people can get to them and see the actual thing in practice. As I mentioned, the soil erosion is a thing pretty well of the past, owing to the education we have got from the experimental farm. But the trend is turning now to moisture conservation and cropping practices, and there must be some way that we can get this information out to the people, to the farmers who are thinking in terms of sowing more stubble land and the best fertilizer practices to go with this. Just what is the reason for cutting out the illustration station?

Mr. ANDERSON: Well, Mr. Chairman, it merely relates to the whole question of how you can make best use of the money and resources of manpower that are available to you, having regard to the rapidly changing technology. Over the years, since the experimental farms were first started back in the eighties, there has been a very rapid change in farming, particularly in the west, and our feeling recently has been that the best illustration farms are the farms of the best farmers in the area. We feel ourselves—and I am a bit sensitive on this point, I must admit—that the farmers in western Canada and in the great belt of farming land we have through Ontario and into Quebec, but the farmers in western Canada particularly, are as on top of our research as they are anywhere in the world, and that the gap between research and farming practice is not large; it is smaller than it is in most other parts of the world. I think they are right on top of us and that anyone who travels through the west can see good farms using modern practices, using the best information that is available, in using herbicides, in using fertilizers, in using pesticides, in using the best varieties that are available, and in using management practices that are effective.



We are still operating a great many off-station farms, what we call project farms. Some of these are of a fair size. They are all rented; we do not own them. And we may move them; our contract is generally for five years, and we may move them. I would think, without having the exact record available, that we have about 12 or possibly 15 operating out of Swift Current, and we have over 350 off-station operations across Canada, in addition to all of our establishments.

Mr. WATSON (*Assiniboia*): Well, I think that what you say, Dr. Anderson, is quite true. Your good farms are possibly on top of this but it is still a known fact I believe that somewhere around 25 per cent of the farmers in the west grow 75 per cent of the grain. If we are going to get on top of the situation with the other 25 per cent so that they can start producing in the same proportion, there must be some means that we have not used yet to get these methods across to the other 75 per cent of the people who are not producing.

Mr. ANDERSON: Well, I think that the extension services of the provinces, and the wide use of radio and television, and the distribution of information through various types of pamphlets and written material are, on the whole, pretty effective in western Canada.

Mr. WATSON (*Assiniboia*): Well, this is quite true, but it is still getting through to only 25 per cent of the people. The people of whom I am thinking, who possibly do not do the reading, and what not, to get on top of the situation, would go to some of these local places and possibly see the method in practice, and take it from somebody whom they consider in the know, but they would not look across the fence and see what the neighbours are doing and say, "Well, that is a pretty good thing, I think I will do the same thing". This is my reason for speaking of these smaller centralized illustration stations. I did not realize there were as many as you mentioned. Could we possibly have this information attached so that we will know, say, in Saskatchewan where the other illustration stations are?

Mr. ANDERSON: These are not illustration stations in the old meaning of the word; we do call them project farms rather than illustration stations. There are areas in which we are doing testing of various crops and thus demonstrating what we can do with the varieties and procedures that we are using.

The CHAIRMAN: Any further questions on Swift Current? Next is the research station at Beaverlodge. Are there any questions concerning this far northern station which does so much important work in that area. Do you do experimental work on vegetables too, at that station?

Mr. ANDERSON: Yes, we have some experiments with vegetables, and with small fruits as well.

The CHAIRMAN: The experimental farm at Lacombe.

Mr. MOORE: I notice that Lacombe experimental farm for the past few years has had a plot of corn, and corn of course in our area is something that very few people have tried for fodder. I was wondering how this experiment had turned out?

Mr. ANDERSON: We can grow corn for silage there, but we cannot mature it to the point where you can get—

Mr. MOORE: No; are they trying to produce a hybrid that will mature in that short season?

Mr. ANDERSON: No, I do not think that we are pushing quite as far as that. I do not think that we are going to get one that will mature there. What we are aiming for, actually, is a good forage operation, a good silage operation.

Mr. MOORE: The trouble there is that green feed produces almost as heavily as corn.

Mr. ANDERSON: Yes, it is true, yes.

Mr. MOORE: Thank you.

The CHAIRMAN: The research station at Lethbridge.

Mr. MUIR (*Lisgar*): Is this the only station you have that has anything to do with research on irrigation?

The CHAIRMAN: No.

Mr. ANDERSON: Swift Current, Summerland, Harrow, all have work on irrigation as well as Lethbridge. Lethbridge, of course, has that large irrigation area there, and does considerable works.

The CHAIRMAN: Any further questions on Lethbridge?

Mr. WATSON (*Assiniboia*): I thought we were on Lacombe.

The CHAIRMAN: We are on Lethbridge now. I asked if there were any further questions on Lacombe. If you have a question on Lacombe we can—

Mr. WATSON (*Assiniboia*): Well, I have one question on Lacombe, Mr. Chairman. There is a word there in the fourth line where they are talking about soil. I am not familiar with that term, and I wonder if somebody could tell me what this is, and I might possibly have a question on it.

Mr. WOODWARD: Mr. Chairman, solonchic soil is a type of soil that has a very impervious base, and it is very difficult to get the roots of the plants down to this area, through this hard soil like in the soil, and there are several million acres of this land in the prairies, particularly up in the Vegreville area in Alberta. It is the centre of the solonchic soil.

Mr. WATSON (*Assiniboia*): This is not a hardpan, of which you are speaking?

Mr. WOODWARD: Yes, this is a hardpan.

Mr. WATSON (*Assiniboia*): I wonder if Dr. Anderson is familiar with this question about which I am speaking. In the west, recently, in the last ten years, there has been a lot of spots developing in fields that were not there ten years or fifteen years ago. We call them possibly alkali spots, but an alkali spot in the old term was something that was always there. But these are developing right out of fertile soil, and coming up. I wonder what research has been done pertaining to fertilizer, or lime, or some such thing that we can put in to neutralize conditions such as this?

Mr. ANDERSON: Mr. Chairman, I talked to my principal expert after Mr. Watson mentioned this to me the other day. This is caused generally by salts

coming up, as the water is drawn off by evaporation, and being laid down on the surface, and it is a difficult problem, but to diagnose as to why it occurs in particular spots—you yourself have mentioned sometimes on the side of a hill. I am familiar with them; I have seen them in the west. They tell me that it is a difficult situation to overcome, and they think that probably the best method is to work organic material—manure—into these areas, if one can, if one has it available. It is organic matter that it needs. But this seeping of the water, and the excess salt and laying down of the salts on the surface is a difficult thing to overcome.

Mr. WATSON (*Assiniboia*): Do they have hopes that some day they may come up with something that can neutralize this, other than, say, manure?

Mr. ANDERSON: I do not think you can neutralize this very readily.

The CHAIRMAN: Are there any further questions on Lacombe, or the research station at Lethbridge? Then we will move on to the experimental farm at Agassiz. That is a good name. I have one question: What does that name mean?

Mr. ANDERSON: Where is Mr. Herridge?

Mr. HERRIDGE: It is named after a very famous Swedish botanist.

The CHAIRMAN: Thank you, Mr. Herridge. Are there any other questions concerning this station, or farm? The research station at Kamloops?

Mr. JOHNSTON: Are there any control methods being developed for ticks? I notice that this is the centre for its study.

Mr. ANDERSON: Yes, we have an excellent man there whose work I think is quite outstanding and I think he is having considerable success in developing control methods—chemical treatment.

The CHAIRMAN: Any further questions concerning Kamloops? Is that all your questions Mr. Johnston?

Mr. JOHNSTON: Well, concerning Kamloops at the moment.

The CHAIRMAN: The experimental farm at Saanichton. What does that name mean?

Mr. HERRIDGE: What work is being undertaken at Saanichton at this time?

Mr. ANDERSON: Saanichton is dealing with, as you would expect, the soil problems of that particular area of the island, and with the horticultural crops with some work on ornamentals, and we are developing there, also, a plant quarantine station for small fruits, and stock of the like that we need to bring in for our research in various parts of British Columbia, and in addition to that we have work on the golden nematode going on at Saanichton.

Mr. HERRIDGE: Are you doing research into varieties of small fruits such as raspberries and strawberries, blueberries?

Mr. ANDERSON: That is mainly at Vancouver and at Agassiz.

Mr. JOHNSTON: Would you explain briefly the present situation regarding the golden nematode. Is it under control, are there any restrictions still on the crops in that area?



Mr. ANDERSON: Dr. Glen will explain.

Dr. R. GLEN (*Assistant Deputy Minister, Research Branch, Department of Agriculture*): That comes under the production and marketing branch, but I think I can say to you that it is definitely under control. There are areas from which you are not permitted to sell on the export market, but arrangements are being made locally to handle the produce in a satisfactory manner.

Mr. JOHNSTON: There are no restrictions on shipping nursery stock from the island to the mainland at the present time?

Mr. GLEN: Yes, there are restrictions from these areas where the nematode is known to exist. These have been surveyed now, you know, and mapped, and from the areas where the nematode is known to exist there are definitely restrictions still in effect. But, as I say, this is all under the quarantine handling of the plant protection division in the production and marketing branch.

The CHAIRMAN: Mr. Herridge, do you know what that name means, for that experimental farm at Saanichton.

Mr. HERRIDGE: I think it has some Indian relationship.

The CHAIRMAN: The research station at Summerland.

Mr. HERRIDGE: Mr. Chairman, I am right in my own bailiwick now. I want to tell you that I know everybody in the interior appreciates the work that has been done at Summerland throughout the years with respect to fruit varieties, insects, pests, irrigation, fertilizers, and so on. I might say that we first came in contact with this station in 1907, when my father planted five acres of trees. He simply got a catalogue from the Oregon nurseries to the south, and he ordered five trees of each variety, and when they began to come into production, he first got in touch with the station, and he had to do a lot of grafting as the result.

It may interest you to know that one of the superintendents, Bill Hunter, was a classmate of mine. But I think he went into building rather big homes for superintendents, or something.

I think some of the men may know the story, but I must say that I was a bit disappointed in the Department of Agriculture when its representatives gave evidence before the standing committee on external affairs with respect to the agricultural possibilities of the Kootenays. I think they were a bit pessimistic. It has been proven so since. I do not think they had all the information that was available. But to illustrate this, one dairy farmer just two weeks ago was offered \$100,000 by B.C. Hydro for his farm; he turned it down, told them to clear off, did they think he was crazy. Last week, or the week before, he was awarded \$227,000 for what you prairie people would consider quite a relatively small acreage.

I have another farmer whose annual gross income is over \$30,000 a year from cattle, and another one, \$17,000 from fruit. I mention these to indicate the possibilities in this area because of the soil and the climate.

Now, as you know, Mr. Chairman, we are faced with a deluge in a year or two, but there will still be a lot of land available for the growing of fruit on other benches, or some land, particularly for that purpose, more for range or beef cattle, and some for dairying I am going to ask Mr. Anderson if it would be possible, in co-operation with the provincial department of agriculture, to have

a further survey made of this area, after the catastrophe has occurred, so that the possibilities for agriculture and horticulture can be fully ascertained; and also some research done as to the growing of varieties. Our district is very peculiar in that respect. For instance, we can grow peaches very successfully at one point on the Arrow Lakes and within 50 miles north they are not a commercial success. We can grow McIntoshes at Fauquier that very rarely scab, owing to certain climatic conditions, and if you try to grow McIntoshes south of Revelstoke, you get scab, and so on. I wonder what could be done in that respect, Mr. Anderson, because I am very interested in the development of the district again for these purposes.

Mr. ANDERSON: Well, we have, of course, already done the soil surveys, and this is basic to any study of the potential of a given area, and under ARDA and the land classification study, we are going at this again from—this is not the research branch; I am speaking for the Department from a different point of view, and I am not sure—I will be in Summerland myself in about six weeks—and I would like to get into that part of the country. I have not been there myself; I think I will get somebody to drive me around and take a look at some of the land there.

The CHAIRMAN: Mr. Herridge could probably provide one of his limousines.

Mr. HERRIDGE: Mr. Anderson, while you are there, would you take advantage of the opportunity, drive around the Kootenay country and have a look, because there are still considerable areas of excellent soil and, of course, we enjoy a good climate.

Mr. ANDERSON: Yes, I will do that.

The CHAIRMAN: Mr. Herridge, just for the clarification of the record, you mentioned huge sums of money that the farmers were grossing, would you care to estimate how much they netted?

Mr. HERRIDGE: Well, I shall give you an illustration. There is a little community called Renata that gets something slightly over a hundred acres in fruit. The highest production from that place in years past was \$67,000 worth of fruit shipped off that little community. Their net must have been fairly good because most of the people there were formerly Mennonites and hard workers. There were some other settlers in recent years. They performed all their own work on the ranches. They had a co-operative packing house and their wives and daughters packed all the apples, so they got as much as possible out.

The same applies to the cattle farm I just mentioned. These are four sons, the sons of the pioneer settler, who do all the work among themselves, and the same with the fruit and cattle farm that I mentioned, that had about \$17,000 gross production, the father and his sons. With the exception of a few persons brought in to pick fruit at picking time, they do all the work.

The CHAIRMAN: This is what I meant. I hope that you clarified it, but you have not done it as far as I am concerned. The great contributions to this growth has been by what we would call—if you did it in the factory or in industry, you would call it slave labour, because the children and the members of the family contributed to the growth figures.

Mr. HERRIDGE: I have heard that theory expounded before. These people are very happy people indeed, and glad to do it.

The CHAIRMAN: What I am saying is, they are probably glad to do it, but we cannot point out that these people are actually rich. They may be rich in material things and so on, but actually as far as net earnings go, if they were given a wage for what they are doing, they would be small. I am a farmer myself, and come from a farm family. I know that the successful farms in my own area are farms owned by farmers who have large families; they do not have to pay out labour costs. Now, if we did this in industry—if you were working in a factory and you took your family to work with you every day and got no pay for them, it would not be very well looked upon by all the labour unions, and everybody else in Canada.

Mr. HERRIDGE: Well, Mr. Chairman, I do not agree with you. These people are all owners and shareholders in the project.

Mr. WATSON (*Assiniboia*): This is what you call a family farm; they are all private enterprisers.

The CHAIRMAN: I did not expect you, Mr. Herridge, to agree with me.

Mr. JOHNSTON: I have a question on Summerland. Last fall the fruit growers of the North Okanagan, anyway, passed a resolution urging research into efforts to find an apple that would be a substitute for the McIntosh for the extreme northern end of the apple growing region of the Okanagan. Has there been any particular appropriation aimed in this direction, or is there a program under way that will come up with an alternate possibility to the McIntosh in the north end?

Mr. ANDERSON: We have a very strong apple breeding program there, and this is just the sort of thing our people are aiming at; that is, to produce an apple that will be superior and suitable for the particular district.

Mr. JOHNSTON: I was wondering if you could say anything about the problems of the Spartan variety; can it be developed as a commercial variety, or is it running into too many difficulties?

Mr. ANDERSON: It is running second to the McIntosh now, I think.

Mr. JOHNSTON: There seemed to be something to do with a breakdown in the apples, some of the ones that had been shipped of the Spartan variety. Was this just something of this year, or is it a defect in the variety?

Mr. ANDERSON: No, I do not think it is what you would call a characteristic defect of the variety, although it may be a little more susceptible to that type of rot than the McIntosh. It is a problem really in all apple varieties—I mean, it is a general problem of the crops, and the problem of breeding resistance to it, of course, it is one of our main drives.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Does your Department have any information on which province in the country produces the best McIntosh apple?

Mr. ANDERSON: This is, I think, a matter of opinion that should not be made a research project by the Canada Department of Agriculture.



Mr. HERRIDGE: Mr. Anderson, are you people, in some cases, not recommending the growing of the Spartan instead?

Mr. ANDERSON: I think there are some areas in which we are recommending Spartan; in fact, I know where.

The CHAIRMAN: Are there any further questions concerning Summerland? The research station at Vancouver, the experimental farm at Prince George?

Mr. HERRIDGE: What is carried on at Prince George?

Mr. ANDERSON: Well, this is, as you know, an area in which the soils are a little difficult again because of impervious subsoil—

The CHAIRMAN: Mr. Muir, just a minute. Excuse me, Dr. Anderson. We do not have to be out of this room by eleven o'clock, and we are going to continue. I am just wondering, how many have to go to other committees? We would like to finish research today, and if possibly enough could stay, we could—

Mr. MUIR (*Lisgar*): Well, I think we have gone through research now, have we not?

The CHAIRMAN: We are pretty nearly through research. There are just one or two supplementary questions to be asked, and I am thinking that we could go on to one of the other votes, if the members so desired, because we have the room and no one else is coming into it.

Mr. MUIR (*Lisgar*): Well, I was hoping you would finish with research, at least, and have these gentlemen come back another day, and—

The CHAIRMAN: We have Mr. Phillips and some of the other people, and we could go on to Vote No. 15, where we left off at one of the other meetings.

Mr. MUIR (*Lisgar*): Is that animal research?

The CHAIRMAN: No, that is production and marketing.

Mr. MUIR (*Lisgar*): I brought up a question the other day at the meeting in regard to circularizing the members as to what is going to come up next, so that—

The CHAIRMAN: Yes, I am aware of this.

Mr. MUIR (*Lisgar*): —I would like to have that referred to the steering committee on agenda.

The CHAIRMAN: Fine. No questions concerning Prince George? Mr. Godin has a supplementary question, or Mr. Gauthier?

● (10.59 a.m.)

(Translation)

Mr. GAUTHIER: Sir, there is a question I would like to ask Mr. Anderson. To whom do I go, Mr. Chagnon, to whom do I address my letter to get supplementary information about our local experimental station?

(English)

Mr. ANDERSON: To me.

Mr. GAUTHIER: To you?

Mr. ANDERSON: You write to me.

Mr. GAUTHIER: Thank you.

The CHAIRMAN: Have you finished your questioning, Mr. Gauthier?

Mr. HERRIDGE: I have one question. What is the main activity at Prince George?

Mr. ANDERSON: We have had work there relating to the soils and to the production primarily of large crops for possible beef and industry developments in that area. We also have, actually, at Prince George, one of the herds that is involved in our large dairy selection project.

The CHAIRMAN: Any further questions concerning Prince George? Mr. Laverdière?

Mr. LAVERDIÈRE: This is not about Prince George, it is of a general nature.

The CHAIRMAN: No; is it a general question?

Mr. LAVERDIÈRE: I would like to know, will the research branch have any connection with the new scientific adviser to the Prime Minister?

Mr. ANDERSON: I think that the whole question of how much agricultural research we should be doing in this country, and possibly a review of our program, of our use of our manpower, and resources, in the form of farms, and buildings, and laboratories, and so on, may be undertaken by the council. I would expect, in other words, that it would have some impact on agricultural research as a whole throughout Canada.

Mr. GLEN: Mr. Chairman, perhaps it would be appropriate if I mentioned the connection that the whole agricultural industry has with the council. I mean the research group including universities, the provincial people and the federal people, are aware of the science council and the probable impact it will have on our activities, and through what we referred to before as the Canadian Agricultural Services Co-ordinating Committee, are making very sure that we keep closely in touch with the science council with respect to agricultural matters.

Mr. LAVERDIÈRE: Yes, one more question; what about the new power given as a result of the Glassco Commission recommendations. Can the Department not classify a position, and the commission only look to see that all was done fairly?

Mr. ANDERSON: It is in a state of development still, the policy of handling staff and positions and budgetary controls, is gradually changing and developing as of the present time. There is definite movement in this area without its having been finalized as yet.

Mr. WATSON (Assiniboia): Mr. Chairman, this question possibly should have been asked sooner; it pertains to research. I was reading an article about the development of a feed wheat, a real high-yielding feed wheat, that could possibly compete with corn or barley. How much research has gone into this, and how close is it to possibly becoming a reality? Is it a spring wheat, or a winter wheat, and will it be suitable for the west?

Mr. ANDERSON: I think this is the United States variety, Gaines, which is a very high-yielding, very soft wheat; that is, not of good quality, actually, for any of the standard food uses of wheat, and therefore must be classed as a feed wheat. Now, some that is being grown in Canada, in the west, is producing quite good yields but will, I think, not qualify—I am speaking from memory now, but I think that it grades below number 5 wheat, so that the price you can get for it is limited by the fact that it is merely a feed wheat.

Mr. WATSON (*Assiniboia*): Well, I realize this. I believe the article I mentioned referred to it as strictly a feed wheat, and they were wanting to grow it in an off colour, in a blue or green kernel, so that there could never be any mistake about it being mixed with spring wheat for milling qualities.

Mr. ANDERSON: Well, this is the difficulty, of course, and even if you can distinguish it by virtue of colour and other characteristics, once you start to grow this there is the difficulty of some of this getting mixed inadvertently into our export shipments, but the Board of Grain Commissioners, as you know, deals with this matter exceptionally well. There is potential danger there always when you bring wheat of this sort in.

Mr. WATSON (*Assiniboia*): Would the Department then not do too much on research on this grain in order to avoid this difficulty; in other words, would it be better not to have the grain?

Mr. ANDERSON: No, the difficulty is that we have thought that if we went for a high yielding feed wheat, that we should keep it white to distinguish it from our red wheat. Both our spring wheat used for bread and our Durum wheat are red, so that white would be sufficient to distinguish it in the west. However, the white wheats as a class have a characteristic of sprouting readily in the swath in the fall; that is, it is simply a characteristic of the varieties of the class that they tend to sprout very readily instead of staying dormant, so it has not been possible to harvest them under other than ideal conditions. This has been one of our major difficulties in this area of going for a high yielding white wheat.

Now there are other possibilities in the area. For instance, a good deal of work has been done on interspecific crosses. The cross between wheat and rye, the triticale for example, gives promise of being very high-yielding. These are areas requiring a great deal of very hard work to develop the possible potential in terms of a high-yielding feed grain.

● (11.07 a.m.)

(Translation)

Mr. MATTE: In your research, have you zoned areas, so to speak, in order to determine what product would be the best to grow in relation to climate and soil? Has Canada been zoned into regions that are more suitable for certain crops? Have you determined what crops would best grow in certain areas?

(English)

Mr. ANDERSON: Yes, in general, I think this is the case.

The CHAIRMAN: I had one question that I meant to ask when you were going over the Harrow research station and the Woodslee substation. The heavy



program there that I remember—but I am not familiar with the results of it—was to check the runoff of fertilizer, insecticides and pesticides that they spray on the land that goes down through the tile that drains the land into the under drainage, which in our part of Ontario is nearly necessary to farm successfully at all. What are the results of this? Is there any runoff to any extent of the fertilizer, or spray materials that farmers may use?

Mr. ANDERSON: It is very small, and accordingly the difficulties into which this research has run relate to analysis; that is the development of such refined analyses that are able to pick up these very minute amounts of material left, perhaps, in the drainage water.

I am aware of the experiments at Woodslee, the experimental layout, where the tiles drain into tanks and we are able to sample the runoff in that way.

The CHAIRMAN: The reason I asked this is that we see so often reports in the press, and people making speeches about pollution and that, and you would think that the farmers or the agronomists in this country were the greatest offenders as far as the runoff of fertilizers and spray materials that they may use is concerned the information that I have been able to obtain, indicates, as you say, that the quantity is very minute.

Mr. ANDERSON: Unfortunately, some of these things are quite effective in very minute amounts, almost in amounts that we have great difficulty in detecting analytically.

The CHAIRMAN: Are there any further questions concerning research? If not, I think we should have a motion that Items Nos. 5 and 10 concerning research be passed.

Mr. ASSELIN (*Richmond-Wolfe*): I so move.

Mr. MADILL: I second the motion.

Motion agreed to.

Items agreed to.

The CHAIRMAN: I would like to thank all the people, Dr. Anderson, yourself, and all the people connected with research for the patience that they have shown with our line of questioning, and their attendance at the meeting. Thank you.

Just before we go, if Mr. Phillips and others are here, then we can go on with production and marketing. If enough hon. members who do not have to go to other meetings will remain here we shall continue with our meeting. I would only emphasize at this time that we are going to have to speed along with our meetings as much as we can to make sure we get our estimates passed, if possible, by the end of June. We should use every minute that is available to us. We shall have the same opportunity on Thursday to use this room, from 9.30 a.m. until 2.30 p.m. if you are desirous of doing this, and of furthering our work. Some more officials are coming from the Department of Agriculture now, but we are not going to have a quorum.

We are going to proceed just as soon as I get the list of the officials, so you will know who they are, and what their duties are with the department. We left

off the other day on this item; we were on livestock division. There was some discussion, if you recall, by one of the members, who is not a member of this Committee, but who had a special interest in the supervision of racetrack betting. It also comes under this division. Mr. Winkler has made a request that, if we did get this far this morning, not to proceed with it, or he would appreciate it if we did not proceed with it until he could be here Thursday. He called me this morning before the meeting.

We have with us today C. R. Phillips, Director General of Production Marketing; R. K. Bennett, Director General of the Livestock Division; J. C. Moffatt, Director of Administration, Production and Marketing, D. B. Goodwillie, Director of the Dairy Division. We will start questioning under the livestock division. Mr. Faulkner?

Mr. FAULKNER: Mr. Chairman, I do not know if this comes directly under livestock division, but it concerns marketing information as it relates to the livestock division. The question I would like to raise is this, it is my understanding that it is the Department of Agriculture which provides market information to our local press and radio on the day-to-day transactions of the stockyards and things of this character. One of the complaints I get most frequently is that this information is in part misleading not wittingly misleading—in that the information does not show the number and the grades of cattle that pass through the stockyards each day. In other words, you give the price of the highest grade cattle without giving the numbers of that particular grade that were sold, and the numbers of the inferior grade. The complaint that I often get is that it looks as though the farmer is getting a better price for his beef than, in fact, he is; that the bulk of the beef sold does not qualify under the higher grade given in the market report. Does this complaint come to you, and is there not an argument for indicating in your market report the numbers that were sold against the particular grades?

Mr. C. R. PHILLIPS (*Director General, Production and Marketing Branch, Department of Agriculture*): The department issues market reports that pertain to public stockyards across the country, that is, Edmonton, Calgary, Lethbridge, and three in Saskatchewan; Winnipeg; Toronto, and two in Montreal. And they are issued every day on which there is a market. On some markets there is no cattle sold on Thursday and Friday; some of them every day of the week.

Now, the format that is followed in putting out the market reports is to report whatever facts are available at the time the report is made. Obviously, if it is going to serve its primary purpose, that is, to inform the producer, then the best time for the report to be available, to the fullest extent that the information is there, is for the noon broadcast. It means, generally speaking, at most of the markets that you have to start winding up your report, in order to get it out by noon, some time after 11 o'clock. At that time, it is virtually impossible to find out the numbers that have been sold in each grade. This is particularly true on a small market where there has been everything going through the ring, and all the pressure is to get the report out in time for the noon broadcast.

As time goes on during the week, we put out a weekly report which shows the total volume which is sold in every grade at every market, each of the test markets. This has not come to us so much in the form of complaints as it has in

the form of an inquiry, and I think it would be fair to say that when we have explained the objective of the market report and the circumstances under which it is put out, it is generally accepted that it is not generally possible to comply with what you have in mind. But wherever it is, we are doing it. We try to give some indication, for example, when we start off the report, that there were approximately so many for sale, and there were such and such percentage steers, and such and such heifers, and cows. But the detailed information just is not there in sufficiently accurate form to make it worth while, or to make it valid, to put it out, in the noon report.

The CHAIRMAN: Any further questions on this division?

Mr. WATSON (*Assiniboia*): Just a little bit more, Mr. Chairman. It is a very good question, and I just happened to be looking at the livestock prices for Winnipeg for May 16. It gives what the choice price was, and the good, the medium and the common under steers. I think what Mr. Faulkner had in mind was that there might only be 100 choice, and there might be 1,000 of the good. This was the point he was getting at. Give us just a little bit of an idea what the relationship is between the number going to market in the various different categories.

Mr. PHILLIPS: I think we do that wherever it is possible, where it is available at the time. There is another comment we might make, and that is that week in and week out the percentage of the various grades varies very, very little across the country. You can go back week after week, and it runs quite a standard pattern with the one exception, of course, when you get into the fall, at the time of the marketing of dairy discards, you get a higher percentage of canner and cutter cows.

Mr. WATSON (*Assiniboia*): What would the percentage usually be; could you give me that in figures?

Mr. PHILLIPS: Oh, yes. You will run generally 36 to 37 per cent of choice; you will run 15 or 16 per cent of goods; 6 to 8 per cent of standards, and then for just the rest—I could look them up for you in a second here.

If you would care to take the total for last year, I can give the total for the year last year: choice was 32.9; good was 16.4; standards, 8.4, commercial 1, 4.6 commercial 2, 1.7; commercial 3, 0.3; utility 1, 2.6; utility 2, 7.8; utility 3, 6.8; manufacturing, 15.3; and bulls, 2.6. Now these are the carcass grades in the percentages which came to market last year. In the live grades, we use other names, but there is a correspondence between them.

The CHAIRMAN: Are there any further questions on this subject? No questions. Then we will move on to the dairy products division; any questions concerning this?

Mr. FAULKNER: Just a quick question. I am not sure this is the proper form in which to ask it, but what is the position of the milk for school children program?

The CHAIRMAN: I did not get what you said, Mr. Matte?



(Translation)

Mr. MATTE: I said it would be better to wait until our next sitting in order to deal with those matters in greater detail.

(English)

The CHAIRMAN: You want time to study it?

Mr. MATTE: Yes.

The CHAIRMAN: Mr. Matte, you have had this memorandum for several weeks.

Mr. FAULKNER: I was just going to raise the question of milk for school children. I think it was investigated by the Department, but it may not have been. Does this come under your jurisdiction?

Mr. PHILLIPS: This matter has been considered, but it is a question of government policy. I do not think we should go into it.

(Translation)

Mr. GAUTHIER: Does your branch look after ordinary unpasteurized liquid milk, as well as after pasteurized milk which comes onto the market? According to you is pasteurized milk more to be recommended than ordinary liquid milk?

(English)

Mr. GOODWILLIE (*Director, Dairy Division, Department of Agriculture*): Well, if I understand the question correctly, you are asking whether raw milk or pasteurized milk is more acceptable in the manufacture of cheddar cheese? Is that correct?

Mr. PHILLIPS: He just wants to know if one is better than the other.

Mr. GOODWILLIE: Our traditional export market for cheddar cheese is Great Britain, and they insist on or require cheddar cheese made from raw milk. In order to fill this market, we have endeavoured to see that as much raw milk cheddar cheese is made for this market as possible.

The amount of raw milk cheddar cheese sold and used in Canada is comparatively small. Cheddar cheese is made from raw milk, or heat treated, or pasteurized. I think I can give you fairly accurate figures as to the percentage. We believe that about 10 to 15 per cent of the cheese made in Canada is from pasteurized milk; about 35 per cent from raw milk or a little higher, and the remainder is heat treated.

The CHAIRMAN: Any further questions?

Mr. HERRIDGE: Could you tell us, what is the response of the farm organizations generally to the recently established fluid milk policy?

Mr. PHILLIPS: It has been excellent. The manufacturing milk policy, in which some surplus fluid is included, has been quite appreciated. There are a few complaints with respect to cream shipments, but in each case the level of support has gone up from 13 to 14 per cent over last year, so there is a parallel in terms of the improved support.

The CHAIRMAN: Pardon me; have you finished, Mr. Herridge?

Mr. HERRIDGE: Yes, thank you.

Mr. FAULKNER: I just have a supplementary to Mr. Herridge's question; would it not be more exact to say that the complaints of the cream shippers have been more than—what was the word you used—there have been complaints. There have been fairly vigorous complaints, have they not?

Mr. FAULKNER: Is it proper to ask whether this question is being reviewed?

Mr. PHILLIPS: Yes, there have.

Mr. FAULKNER: And it is fairly universal, I mean, there seems to be some degree of unanimity amongst the cream shippers on this point.

Mr. PHILLIPS: Yes, I think the cream shippers would be unanimous in their belief on that.

Mr. FAULKNER: It is proper to ask whether this question is being reviewed? I suppose that is a policy question is it?

Mr. PHILLIPS: It is a policy question, but I could say this: I have indicated the increase in support this year over last year being 13 or 14 per cent. The complaint of the cream shipper is that he is not getting more for his butterfat than the manufacturing milk shipper gets for his butterfat. He is not delivering his skim milk, but he would like to get additional pay for his butterfat so he would be on a par with the manufacturing milk shipper without having to deliver his skim milk. The difference in the increase this year between a manufacturing milk shipper and a cream shipper is a measure of the difference in the price of skim milk powder this year. There is a 16 cent difference per hundredweight; I am speaking of the increase. The figure is 50 cents increase for the manufacturing milk shipper, about a 34 cent increase in terms of milk for the cream shipper; of course, with skim milk powder up 2 cents a pound, there is a difference of 16 cents.

(Translation)

Mr. MATTE: Many manufacturers at the present time intend organizing to produce powdered milk. Does the government provide grants in this regard? That is to those who intend going into powdered milk production?

(English)

Mr. PHILLIPS: The Department does not provide a subsidy for powder manufacture, but in order to maintain the price of spray processed skim milk powder around 18 to 18½, the stabilization board is buying powder, and also there is export assistance provided on that quantity which is exported.

Mr. FAULKNER: I would like to get back to the question of milk for school children. I do not know which it is a policy matter, but would you be in a position to tell us what the economics of it are? Is it feasible economically. I do not even know if you could determine what is feasible economically, but would it be a costly program?

Mr. GOODWILLIE: The economics division of our Department made a study of this school milk in school lunch programs three or four years ago, and if my memory serves me correctly, I believe they indicated that any increase in milk usage at that time would not be significant.

Mr. FAULKNER: What does that mean?

Mr. GOODWILLIE: Probably 1 per cent increase in usage.

Mr. FAULKNER: Increase of what?

Mr. GOODWILLIE: The increase in the volume of milk sold.

Mr. FAULKNER: The increase in the volume of milk sold by this program would be about 1 per cent?

Mr. GOODWILLIE: Yes, that is right. It would be very small. The over-all increase in the usage of milk would be significant.

Mr. FAULKNER: Does that means that the school children are already drinking milk in school?

Mr. GOODWILLIE: That is right, either in the schools or in the home. If they drink it at school, they do not drink as much at home. And furthermore, there are school lunch programs or school milk programs administered by the provinces or by municipalities—I am thinking particularly of Windsor.

Mr. FAULKNER: Is this general

An hon. MEMBER: Furnished by school boards.

Mr. GOODWILLIE: Schools boards, that is right.

Mr. FAULKNER: And this applies in all provinces of the country?

Mr. GOODWILLIE: I do not know. I am going from memory on this. This study was made three or four years ago.

Mr. FAULKNER: Thank you.

The CHAIRMAN: Are there any further questions on this?

Mr. FAULKNER: Just one question, Mr. Chairman, on the Cheese Factory Improvement Act.

The CHAIRMAN: Well, we are not—

Mr. FAULKNER: Is it under the Dairy Products Division?

The CHAIRMAN: Yes. Are there any further questions on this particular Dairy Products Division before we—

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Yes, I have one, thank you. Has the recent subsidy which was announced for casein eliminated the complaints that were coming in from farmers about this question?

Mr. GOODWILLIE: Let us say, it has minimized them quite considerably. When this increased export subsidy on casein was announced a few days ago the reaction we got from producers and organizations and manufacturers was that if we could raise the price by 10 or 15 cents it would probably be O.K. This increased export subsidy has done this, so we have not had any adverse reaction in the last few days.

Mr. FAULKNER: I would like to get some information about the state of our cheese factories. If my area is any indication of what is happening in this field then I would say we are almost in a stage of crisis in an industry which I would have thought would have been a natural industry for this country, the



manufacturing and sale of cheese. As I say, my remark is derived from the experience of the Peterborough area, and may not be typical, but I would like some comments on this. Firstly, what is the state of the cheese manufacturing industry in Canada? Can you give me some indication?

Mr. GOODWILLIE: Yes, I can, Mr. Faulkner. You say chaotic conditions.

Mr. FAULKNER: No, no, I did not. I said crisis.

Mr. GOODWILLIE: Let us go back five or ten years. In 1958, we made about 90 million pounds of cheddar cheese in Canada. Last year we made 152 million, and we have been increasing every year since that time.

Mr. FAULKNER: Since 1958?

Mr. GOODWILLIE: That is right. I just went by and picked this out of the air, but since 1958 there has been a steady increase. We made more cheese in 1965 than in any year since 1945.

Mr. FAULKNER: But is that figure an all-time high?

Mr. GOODWILLIE: No. The all-time high was about 207 million pounds back in the war years, in 1942.

Mr. FAULKNER: And just roughly, what was it pre-war—was it?

Mr. GOODWILLIE: Pre-war in 1939 was 125 million.

Mr. FAULKNER: So, in fact, we are talking about a change from 1939 to 1965 of 125 million pounds to 152 million pounds.

Mr. GOODWILLIE: That could be it, yes.

Mr. FAULKNER: Which, in those terms, is not remarkable growth.

Mr. GOODWILLIE: But let us examine it a little further. In 1939, we exported 90 million pounds of 125 million; last year, we exported 21 million of the 152 million. So we reduced the exports by 300 per cent.

Mr. FAULKNER: Is this desirable?

Mr. GOODWILLIE: Yes, I would say it is desirable up to a point, because we are paying four cents a pound export subsidy on cheddar cheese. If we can use all the cheese we can produce in Canada without any props from an economic sense, then it is desirable.

But let me qualify that further. I do not want you to get the impression that the English export market is not important, because it is. It is a very, very fine safety valve for any exports, any surplus milk that we have from year to year.

Mr. FAULKNER: What, then, has been the purpose of the suspension referred to on page 4, the suspension of certain features of the Cheese and Cheese Factory Improvement Act? At the bottom of page 4, it says: "Through this act financial assistance is given to cheese factory owners for insulating and refrigerating ripening rooms, and for constructing or renovating and equipping factories that have been amalgamated, although this latter phase is under suspension at present." Would you explain that for me, please?

Mr. GOODWILLIE: This was a government decision in 1962-63 to suspend the amalgamation, and it is still under suspension; but I believe it is being actively considered at the present time, whether it is to be reinstated or not.

Mr. FAULKNER: Are you in a position to tell us what the considerations were?

Mr. GOODWILLIE: Was it not the austerity program at the time?

Mr. FAULKNER: Not another one.

The CHAIRMAN: At that time there was a real one.

Mr. GOODWILLIE: I think there was at that time.

Mr. FAULKNER: But that is under consideration now?

Mr. GOODWILLIE: I understand so.

The CHAIRMAN: Reconsideration; that is good. Are there any further questions at this time?

(Translation)

Mr. MATTE: There is a worldwide demand for powdered milk at this time. Do you feel there might be a reduction in this demand in the near future? Or in the next few years?

(English)

Mr. GOODWILLIE: I believe that you are referring to skim milk powder. At the present time, the world market is not good, from a price and supply standpoint. By that, I mean there are ample supplies, but the price is low. Recently as this week, we were talking to a group from Europe that wished to buy a substantial quantity of this product from Canada. But they wanted to offer a very low price, a price that would necessitate a very much higher export subsidy. I think the question of what is going to happen in this powder market will depend a great deal on the production of countries such as Germany, France, and to a lesser extent Sweden and Denmark during the next three or four months. I think we all realize that the position in the United States is an important factor in export markets this year. Their production of butter went down, for the first four months, about 25 per cent, and do not forget that April and May are the peak months in the dairy business over there. This has, of course, affected their powder supplies as well. When the United States, which supplied last year over 200,000 tons, have pretty well pulled out of this export market, it left a bit of a void. But other countries, and particularly West Germany and France, stepped into the breach a little bit, and this market is very strong at the moment. We think it will be later this year, after the peak production has passed.

● (11.29 a.m.)

Mr. MATTE: I am putting the question because there are a number of individuals who are going to invest hundreds of thousands of dollars in this venture. Is there any danger in investments of this type; hundreds of thousands of dollars to produce powdered milk?

(English)

Mr. GOODWILLIE: Well, if everybody was sure of making a profit, I think there would not be much fun in the dairy business. I do not know, sir. All I do know, is that some of the major dairy countries—and I am thinking particularly of New Zealand—believe that the future of the dry milk is very sound, because they are spending millions of dollars on additional equipment over the next three or four years.

(Translation)

Mr. MATTE: There is more money in powdered milk at the present time than there is in casein. So they want to get out of casein production to manufacture powdered milk. Is there any reason why we should encourage processors to produce powdered milk rather than casein, which pays less?

(English)

Mr. GOODWILLIE: Well, this is an extremely difficult question to answer. Two or three years ago, powdered milk was six or seven cents a pound, and casein was 20 or 25 cents a pound, and it was much more attractive, pricewise, to make casein at that time. Now, the conditions have reversed. Casein is a very volatile product from a price standpoint; that is, I mean, it can be 40 cents today, and 20 cents tomorrow. The United States is the biggest importer of this product, and the price is controlled pretty well by Australia, New Zealand, France, Poland and the Argentine. Powdered milk, on the other hand, is increasing in popularity in use, the prices are higher, stabilized more by governments; it has an excellent use in the world's food program, disaster relief, and what not.

I think probably the decision would rest on the fact that skim milk powder is a human food product; whereas casein is used for industrial purposes. If it came to a toss-up, I think that the food product use would win. But a good dairy operation should be diversified to take advantage of the markets as they develop. This is what is happening.

The CHAIRMAN: Are there any further questions on this subject? Several members have indicated to me that they have other commitments. We will continue on Thursday with the poultry division, but we will finish up the supervision of racetrack betting on Thursday. We will try to send out notices to the members for Thursday so that those who can, may plan to be here for a long meeting. We have made the same arrangements for this room on Thursday from 9.30 until 12 o'clock, and we should use every bit of time that we can on Thursday, and try to get as much done as we can.

I want to thank the officials and the hon. members for staying.



## APPENDIX "I"

## MACHINERY FOR RE-SEEDING RANGE LAND

The special requirements for seeding of range land has been under intensive study by Research Branch and P.F.R.A. during the past 25 years. The Experimental Farm at Swift Current has spearheaded this work in close collaboration with P.F.R.A. Pasture Section and with the Farms at Manyberries, Melfort, Lethbridge, Kamloops and Beaverlodge.

Prairie or open plains seeding or re-seeding has been effectively accomplished with conventional grain type commercial seeders of the disc or press drill furrow opener style. Most of these machines have proved to lack the rugged qualities required on rough land and stone but have otherwise resulted in a good grass stand if used at the proper time.

Newly cleared brush or treed land being developed for pasture has proved to be too rugged for commercial seeders, although they have given effective results wherever they can be physically used. The investigation and development of a suitable heavy seeder for grass on rough, stone and stump areas resulted in the importation of an Australian "Stump-jump" seeder some 10 years ago. This machine proved to be useful and effective by P.F.R.A. in northern Saskatchewan but was not rugged enough for the heavily stumped or stoney lands. It is still in use after several rebuilds.

The Oregon State University Agricultural Engineering Department designed a range land seeder about 1953-54, and plans of same were purchased by the Swift Current unit in 1954-55. This design was evaluated for Canadian conditions and P.F.R.A. constructed three of these with suitable modifications for their use in the northern cleared areas.

One Oregon machine supplied by a U.S. company was used at Kamloops for study in cooperation with the B.C. Forest Conservation Service and these tests were reported as being very satisfactory.

P.F.R.A. is presently building a fourth machine of the Oregon type for use in the new clearing work in their pasture development. New features and modifications have been added to these seeders as experience proved their need. Extremely heavy, rugged members are essential to stand up under this type of service.

Broadcast, pellets and other forms of distribution and equipment have been studied but proved ineffective and wasteful. It is necessary to place and cover the seed in a positive manner for effective results under this climatic condition. Commercial machinery is not available for this specialized type of work but small manufacturing firms are available to produce such equipment if design and specification drawings are supplied.

The P.F.R.A. and Research Branch of the Canada Department of Agriculture are continuing to investigate the design requirements and undertake development of seeding equipment for different conditions encountered in established areas and new developments. The various provincial agricultural

and forestry agencies have shown increasing interest and cooperation as this work opens up new opportunities.

*NOTE: Supplementary information supplied by P.F.R.A. Regina*

Standard breaking and seeding operations in P.F.R.A. Community Pastures consists of the following:

- 1 One pass by individually mounted disc plows
- 2 Two passes, perpendicular to the plowing by offset serrated disc
- 3 Seeding by Oregon Range Seeder

*Plow*—Two individually mounted disc plows were acquired by P.F.R.A. from an Australian Company "John Shearer & Sons, Adelaide, South Australia".

The plows are specially designed for use on stony land or land with tree stumps.

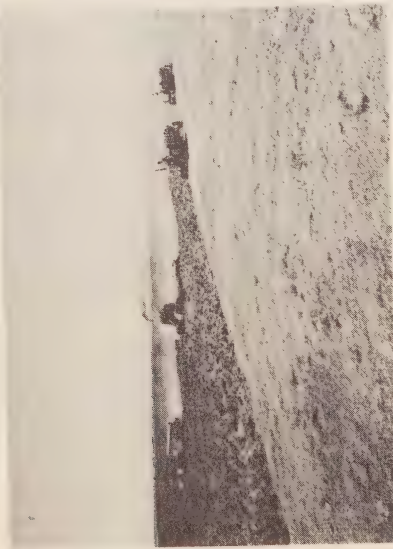
*Discs*—Offset discs (15 feet to 18 feet in width) are obtainable from industrial equipment companies. For extremely stony lands individually mounted disc equipment can be obtained from Australia.

*Seeder*—The Oregon Range Seeder was developed by the Agricultural Engineering Department of the Oregon State University. Since 1961, three units have been made in the P.F.R.A. shops at Moose Jaw. An additional unit is under manufacture at the present time. These units can be made up by any foundry. Various modifications have been made on them.

Essentially the unit consists of 12 heavy wide flange wheels (3 ft. in dia.). A V-shaped rim welded to the wheels makes a furrow into which the seed is dropped. The essential difference in the design of this seeding unit from conventional types is in the packing that occurs prior to seeding. Conventional seeders are designed to pack the soil after the seed is dropped.

The seeder reduces the number of operations required for cultivation and eliminates entirely the need for packing.

BREAKING AND SEEDING  
OPERATIONS



No. 25080 - 1 - Breaking, discing and seeding.  
Laurier Community Pasture - Sept. 1964



No. 25080 - 2 - Australian "STUMP JUMP" Plow.



No. 25080 - 3 - American combine harvester



## APPENDIX "II"

*Milk Yields for Holstein and Ayrshire Herds  
at the Central Experimental Farm*

The Research Branch Dairy Cattle Genetics Project is designed to determine how rapidly total solids and milk production can be increased when selection is based on total solids yield alone, and to determine the effect of such selection on other traits of dairy cattle which may be of economic importance to the dairy farmers of Canada. The experimental design needed to provide unbiased answers to these questions requires application of certain procedures which are not followed by commercial producers or breeders of purebred stock.

Despite the application of research procedures which limit milk production, the Animal Research Institute herd compares favourably with the most recently published national average for herds under Record of Performance Testing, as shown in Table 1. The Breed Class Average (B.C.A.) indexes shown are production measures accepted across Canada as standards of comparison. Valid comparisons can be made only within breeds and not between breeds.

Table 1. National Average Milk and Butterfat B.C.A. Indexes  
Compared with Animal Research Institute Herds

		<i>National Average</i>	<i>A.R.I. Herds</i>
Holstein Friesian	Milk .....	109	107
	Fat .....	110	111
Ayrshire	Milk .....	109	112
	Fat .....	107	116

From the start of the project in 1956, the genetic improvement in total solids yield has been: Ayrshire 17.0 lbs.; Holstein 32.0 lbs.; and Jersey 81.0 lbs.; after making allowances for environmental trends. Milk yield has increased proportionately. The size of the animals decreased slightly for Ayrshires and Holsteins, but increased slightly for Jerseys.

The results of the analysis of the data from this experiment will point the way to maximizing efficiency of milk production through national breeding programs.

## APPENDIX "III".

CANADA DEPARTMENT OF AGRICULTURE  
RESEARCH BRANCH*Number of Staff and Operation and Maintenance Costs for Individual  
Research Branch Establishments**Estimates for 1966-67 Fiscal Year*

	STAFF			Operation
	Profes- sional	Other	Total	Maintenana
<i>Branch Administration</i>				
Executive .....	24	14	38	\$ 607,762
Personnel Section .....		27	27	129,527
Property and Finance Section .....		36	36	158,838
Architectural & Engineering Sec. ...		15	15	113,981
Scientific Information Section .....	4	54	58	1,008,394
Ottawa Services Section .....		160	160	795,680
Sub Total .....	28	306	334	2,814,182
<i>Institutes and Services</i>				
Analytical Chemistry Research Ser. .	8	26	34	244,214
Engineering Research Service .....	9	28	37	237,419
Statistical Research Service .....	9	10	19	124,318
Animal Research Institute .....	33	128	161	1,394,466
Entomology Research Institute .....	47	51	98	843,012
Food Research Institute .....	20	36	56	394,586
Microbiology Research Institute ....	12	18	30	237,313
Plant Research Institute .....	58	127	185	1,218,983
Soil Research Institute .....	40	83	123	778,605
Research Institute (Belleville) .....	31	50	81	608,765
Research Institute (London) .....	25	46	71	540,345
Sub Total .....	292	603	895	6,622,026
<i>Stations, Farms and Laboratories</i>				
<i>Eastern</i>				
St. John's West .....	8	34	42	266,526
Charlottetown .....	19	57	76	546,401
Summerside .....	1	5	6	49,432
Kentville .....	38	74	112	835,934
Nappan .....	9	56	65	365,915
Fredericton .....	34	127	161	1,103,855
Caplan .....	1	9	10	58,705
L'Assomption .....	6	28	34	199,530

	STAFF			Operation & Maintenance
	Profes- sional	Other	Total	
Lennoxville .....	10	57	67	534,795
Normandin .....	1	24	25	153,240
La Pocatiere .....	21	73	94	534,762
St. Jean .....	18	34	52	354,477
Ottawa Research Station .....	34	108	142	864,469
Chatham .....	4	18	22	144,333
Fort William .....	1	5	6	31,804
Delhi .....	9	26	35	235,530
Harrow .....	28	64	92	629,473
Woodslee .....	2	10	12	78,772
Kapuskasing .....	2	24	26	223,084
Smithfield .....	4	20	24	153,382
Vineland Station .....	19	28	47	336,228
Sub Total .....	269	881	1150	7,700,647
<i>Western</i>				
Brandon .....	15	65	80	534,346
Morden .....	16	64	80	396,468
Winnipeg .....	42	65	107	905,558
Indian Head .....	7	41	48	262,541
Melfort .....	10	39	49	317,519
Regina .....	7	25	32	215,158
Saskatoon .....	40	47	87	755,822
Scott .....	3	26	29	165,199
Swift Current .....	27	125	152	1,031,929
Beaverlodge .....	14	51	65	404,918
Edmonton .....	1	1	2	5,564
Fort Vermilion .....	1	16	17	102,605
Lacombe .....	18	79	97	710,243
Lethbridge .....	71	252	323	2,225,144
Agassiz .....	11	54	65	481,351
Kamloops .....	10	30	40	287,845
Prince George .....	2	41	43	249,652
Saanichton .....	9	27	36	250,233
Summerland .....	33	83	116	879,546
Vancouver .....	26	25	51	457,070
Mile 1019 .....	1	15	16	136,236
Fort Simpson .....		7	7	58,633
Fort Chimo .....		4	4	3,065
Sub Total .....	364	1,182	1,546	10,836,645
Grand Total .....	953	2,972	3,925	\$27,973,500



















**OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE**

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**LÉON-J. RAYMOND,**  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament  
1966

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STANDING COMMITTEE

ON

Agriculture, Forestry and Rural  
Development

*Chairman:* Mr. EUGENE WHELAN

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PROCEEDINGS

No. 11

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Respecting

Estimates (1966-67) of the Department of Agriculture

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THURSDAY, JUNE 2, 1966

WITNESSES:

*From the Department of Agriculture:* Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister; Mr. R. K. Bennett, Director, Livestock Division; Mr. S. B. Pratt, Chief, Race Track Betting Supervision; Mr. J. C. Moffatt, Director of Administration, Production and Marketing.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-Wolfe</i> ),	Mr. Herridge,	Mr. Olson,
Mr. Beer,	Mr. Honey,	Mr. Peters,
Mr. Berger,	Mr. Hopkins,	Mr. Pugh,
Mr. Choquette,	Mr. Horner ( <i>Acadia</i> ),	Mr. Rapp,
Mr. Clermont,	Mr. Johnston,	Mr. Ricard,
Mr. Comtois,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Crossman,	Mr. Lefebvre,	Mr. Schreyer,
<sup>1</sup> Mr. Danforth,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stafford,
Mr. Éthier,	Mr. Madill,	Mr. Stefanson,
Mr. Faulkner,	Mr. Matte,	Mr. Tucker,
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-guay-Huntingdon-Laprairie</i> ),
Mr. Gendron,	Mr. Neveu,	
Mr. Godin,	Mr. Noble,	Mr. Yanakis—(45).
Mr. Grills,	Mr. Nowlan,	

(Quorum 15)

<sup>1</sup>Mr. Danforth replaced Mr. McKinley on June 1, 1966.

Michael B. Kirby,  
Clerk of the Committee.



ORDER OF REFERENCE

WEDNESDAY, June 1, 1966.

*Ordered*,—That the name of Mr. Danforth be substituted for that of Mr. McKinley on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House.*



## MINUTES OF PROCEEDINGS

THURSDAY, June 2, 1966.

(12)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:45 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Clermont, Comtois, Crossman, Danforth, Éthier, Gendron, Godin, Grills, Herridge, Honey, Hopkins, Johnston, Jorgenson, Laverdière, Lefebvre, MacDonald (*Prince*), Madill, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Nowlan, Olson, Peters, Rapp, Ricard, Roxburgh, Schreyer, Tucker, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan (32).

*Also present:* Messrs. McKinley, Southam, Webb and Winkler.

*In attendance:* From the Department of Agriculture: Mr. S. J. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing) and Chairman, Agricultural Stabilization Board; Mr. R. K. Bennett, Director, Livestock Division; Mr. S. B. Pratt, Chief, Race Track Betting Supervision; Mr. J. C. Moffatt, Director of Administration, Production and Marketing; Mr. J. S. Parker, Director General, Departmental Administration; Mr. A. D. Davey, Director, Poultry Division; Mr. C. L. Stevenson, Chief, Feed, Fertilizer and Pesticides Section, Plant Products Division; Dr. D. S. MacLachlan, Acting Director, Plant Protection Division; Mr. E. A. Eardley, Director, Fruit and Vegetable Division.

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

On motion of Mr. Honey, seconded by Mr. Danforth,

*Agreed,*—That the Department prepare a brief for the Committee on Race Track Betting and that after it has been submitted to the Committee, the Subcommittee on Agenda and Procedure consider how the Committee will proceed on it.

*Agreed,*—That the Livestock Division, part of Item 15, Production and Marketing, of the Department of Agriculture's 1966-67 Estimates, stand.

At the request of Mr. Muir (*Lisgar*), it was agreed that Department of Agriculture officials would make available to the members of the Committee copies of the *Random Sample Central Poultry Testing Report*.

At the request of Mr. Jorgenson, the Departmental officials agreed to look into reports that Manitou wheat germination was substandard last year.



At the request of Mr. Danforth, it was agreed that the Departmental Report on the French Charolais cattle would be made available to members of the Committee as soon as possible.

At 11:48 o'clock a.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to Friday, June 3, 1966.

Michael B. Kirby,  
Clerk of the Committee.

## EVIDENCE

(Recorded by Electronic Apparatus)

THURSDAY, June 2, 1966.

● (9.30 a.m.)

The CHAIRMAN: Gentlemen, we have a quorum.

First of all, I would like to introduce to you all the officials. On my immediate right is Mr. S. B. Williams, Assistant Deputy Minister of Agriculture, Chairman of Agricultural and Stabilization Board under which production marketing comes. Next to Mr. Williams is Mr. R. K. Bennett, Director, Livestock Division; next to him is Mr. S. B. Pratt, Chief of Race Track Betting Supervision; next is Mr. J. C. Moffatt, Director of Administration Production and Marketing; and Mr. J. S. Parker, Director General, Departmental Administration.

On Tuesday, we stood part of the estimates. Several members showed an interest, under the livestock division, in the supervision of race track betting which also comes under this division. Mr. Winkler had made a special request to be here when this was discussed. The officials were not available at that time but they are here today. We will proceed.

Mr. Winkler, would you care to start off?

Mr. WINKLER: As you know, I am not a member of the Standing Committee on Agriculture and I appreciate the privilege of bringing—

The CHAIRMAN: I might say, Mr. Winkler, that it is not necessary to stand, and if you do sit down you will be closer to the microphone. Everything is taped here.

Mr. WINKLER: It may be that I do not want it taped!

It is a very simple matter. I feel that since the harness racing business has become so popular the smaller tracks, particularly, to my knowledge, in the province of Ontario, are having difficulty in having all the race track betting privileges. This is because of the lack of charters more than the lack of supervision, of course.

I simply want to ask if something could not be done to help the smaller race tracks, and particularly the agricultural societies who possibly depend on one or two or even perhaps three days, usually in the fall, to financially support their organizations?

I have before me the clause in the Criminal Code that sets out the prohibition of the use of charters, inasmuch as it says that charters can only be used if they were issued prior to March 20, 1912. I think this is somewhat outdated and that some new organization could be brought into being to assist the people I have mentioned. I would like to put that matter to the officials.

Mr. S. B. PRATT (*Chief of Race Track Betting Supervision*): In reply to Mr. Winkler, the section does provide, of course, that any corporation can be

chartered by special act of either the legislature of the province or the Parliament of Canada after the March 20, 1912 date. There is provision there for it, Mr. Winkler.

Mr. WINKLER: Yes; this quite true; but none of these charters has been issued. I understand that it is quite difficult to procure one.

As I said there is the popularity of this business, and the dependence on it of the agricultural societies, in particular. It seems rather ridiculous that these people cannot have this privilege, because, could we say, of the trafficking in charters. The big tracks, in other words, have brought under their control all the charters that are available and the smaller tracks and the agricultural societies are left out in the cold. I think, perhaps, something can be done to assist these organizations.

Mr. PRATT: In Ontario, sir, the Agricultural Societies Act does not carry with it, as one of its objects, the holding of racing of any nature. In most of the other provinces, the Agricultural Societies Act does contain this. This is one of the problems with which you are faced.

The CHAIRMAN: You mean, Mr. Pratt, if this was in the act in Ontario—

Mr. PRATT: There would be sufficient charters at the present time. Most of these have agricultural charters.

The CHAIRMAN: Is this your understanding, Mr. Winkler?

Mr. WINKLER: Would you repeat that, please.

Mr. PRATT: Your Agricultural Societies Act of Ontario, does not carry, as one of its objects, the right to hold racing of any type. This is contained in most agricultural acts in other provinces.

Mr. JORGENSEN: You say that right is contained in the Acts of the other provinces. In other words, the other provinces are able to hold racing in conjunction with fairs, and so on?

Mr. PRATT: Some of the other provinces sir, yes. These are Nova Scotia, New Brunswick, Saskatchewan, Manitoba and Alberta. I am not positive about British Columbia, but I believe I am right.

Mr. DANFORTH: Would you explain under what jurisdiction the race charters are in Ontario.

Mr. PRATT: The Companies Act, sir.

Mr. DANFORTH: They are under the Companies Act?

Mr. PRATT: Prior to 1912; and some that are under patent, sir. There are also three by special act.

Mr. DANFORTH: Is it necessary that there be amendments to the legislation itself in order to make it feasible to have the granting of further charters, or would they have to be done under provincial or federal jurisdiction?

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Production and Marketing, Department of Agriculture*): I think, sir, that the answer to that is either of the solutions is possible. In some provinces they are passing special acts to permit



racing, and in some provinces they are not. Under the present legislation a special act, either of the federal government or the provincial government, will permit additional racing days. Each charter carries with it only 14 days' racing under the Criminal Code.

The problem that has been raised could be met in several ways. One could be to amend the federal legislation, obviously; the other one could be for the provinces concerned, or for the federal government, to pass special acts which would carry with them the right to race.

Mr. PETERS: Could I ask a question, Mr. Chairman? Is it racing or betting we are talking about?

The CHAIRMAN: Supervision of race track betting also comes under this division.

Mr. PETERS: But can not anyone hold a race if they have a track?

Mr. PRATT: If there is no betting, yes.

Mr. PETERS: As long as there is no betting?

Mr. PRATT: That is right.

Mr. PETERS: Really what we are talking about is betting rather than racing.

The CHAIRMAN: I think, Mr. Peters, this is what Mr. Winkler has stated. These small agricultural societies which run these fairs need extra revenue to stay alive, and if they have betting for the two-day event, or whatever it may be, this would be sufficient to keep their organization active.

Mr. WINKLER: Yes; I believe that the supervision of the betting, as it exists today, is an exceptionally good situation. I think this division of the department does an excellent job of supervision in this regard. There are two or three things which the department governs. There is the betting. What else is there? There is the saliva test—

Mr. WILLIAMS: It has certain other duties that are allied and conjoint to the actual supervision of the arithmetic, shall I say, of the pari-mutuels.

In other words, Mr. Pratt's section supervises, as part of pari-mutuel supervision, the saliva and urine tests, photo finish and film control. I say they "conduct" them. That is a rather loose use of the word. They are responsible for the supervision of them and they finance them. The tracks, themselves, actually have more responsibility, in one or the other, in respect of the conduct. We let the tenders and we finance the entire matter.

Mr. WINKLER: It seems to me that in the area of harness racing there is some degree of conflict not only because the charters are not made available, or that there are not enough charters available—which is under the provincial government—but as I understand it there is no assurance that they can have the pari-mutuel betting even if they have such a charter. There is a conflict of jurisdiction.

I think the time must come when we either bring the whole thing totally under the federal Department of Agriculture or move it back to the provinces. There is some conflict and there is no question about it. There is also conflict from province to province, as well. As I say, I am very pleased from my

knowledge, of the way the department handles its responsibilities, but I do believe that, somehow or other, some co-operation between the provincial governments and the federal government could give these organizations which I have referred to the right to proceed.

As the situation exists in the province of Ontario, there just are no more charters of the nature referred to that can be used, particularly this year, since the opening of the larger tracks in the southern parts of the province. I am not speaking for them. I am speaking for the agricultural societies and the small associations.

● (9.55 a.m.)

(Translation)

Mr. CLERMONT: I wonder if my question could be taken as supplemental. Mr. Williams mentioned that each track is entitled to fourteen days. Then, how do you go about getting a longer period of time than that?

(English)

Mr. PRATT: The use of several charters, Mr. Clermont.

Mr. CLERMONT: Several charters for the same racetrack.

Mr. PRATT: If you want 28 days you use two charters.

Mr. CLERMONT: It may be the same owner?

Mr. PRATT: It could be the same owner.

Mr. CLERMONT: But a different title or a different subject; is that true?

Mr. PRATT: It could be on a different subject or it could be on the same subject.

Mr. McKINLEY: We have a situation in London at the present time where they have to forego racing on Tuesday nights because they have not sufficient charters to race Tuesday nights. By not racing on that night they are getting an extra week of racing. How could that be corrected? Could there be another federal charter issued to them, or what do they have to go through?

Mr. PRATT: It could be either another federal or provincial charter, sir, to give them another 14 days.

Mr. McKINLEY: There would have to be legislation go through before that could happen?

Mr. PRATT: That is right.

Mr. DANFORTH: Mr. Chairman, I would like to ask if I may—

The CHAIRMAN: Pardon me, Mr. McKinley, are you through with your questioning.

Mr. McKINLEY: I have another question of Mr. Pratt, because of his close connection with, and his knowledge of, this business.

There is no doubt that from time to time this matter has come up, where small holders would like to have racing at these agricultural fairs. What has been the opposition to it? Why has this not been undertaken before? There must be some basic reason for it. Are the large corporations by charter forming

monopoly or a restricted business of this. What is the opposition that has been preventing small agricultural fairs from having this type of racing?

Mr. PRATT: Are we referring to a specific province, sir.

Mr. McKINLEY: Yes; I am speaking of Ontario.

Mr. PRATT: I think there was no basic opposition to it, sir. In the past, the four major racetracks have supplied the charters for the small centres and this year the increase in dates by the four centres have utilized the charters themselves and they have very few to give out. This is what has created the problem in 1966.

Mr. DANFORTH: I am wondering if perhaps this has not been brought about because there has not been concerted action on the part of the small horticultural societies.

In viewing this thing as a layman I would think that the larger centres would be definitely interested in these small charters, because it would provide a wonderful farm system, if you could call it that, for developing racing here in Ontario.

Mr. PRATT: They are very much interested, sir. I think this is the first year, to my knowledge—and Mr. Winkler may have additional knowledge of this—that any track has applied to the provincial government direct for a charter, and it was at rather a late date, I think, when they made the application, because they did not realize that the larger tracks could not support them in 1966.

Mr. WINKLER: Could we not ask now if one of the reasons that these charters have not been issued, or that new charters have not been issued, is simply because they have to come before Parliament and it opens the whole question? Would that be one of the reasons the charters are so restricted? To your knowledge, have there been any applications for charters of this nature to the federal government in recent years?

Mr. PRATT: Not to my knowledge.

Mr. WINKLER: Do you know if any have been issued by a provincial government?

Mr. PRATT: Yes; by other provinces such as Alberta which has issued as many as 8 just recently; and Nova Scotia, Prince Edward Island, Newfoundland, Manitoba and Saskatchewan.

Mr. WINKLER: And the same procedure is necessary there?

Mr. PRATT: That is right; all provinces with the exception of New Brunswick where they have sufficient charters.

Mr. WINKLER: Could the control, or supervision, of these tracks be arranged in another way if the particular date that is mentioned in the Criminal Code were removed? It is my understanding that most of the charters that are in existence are the ones that had to be in existence prior to March 20, 1912.

Mr. PRATT: Excuse me, Mr. Winkler. Is it your suggestion that if the date were changed, would it help?



Mr. WINKLER: That is right. I am thinking that this date of March 20, 1912 may be for the sake of supervision. If that date were removed and another date inserted—shall we say, 1945, 1950, 1960 or even 1966, for that matter—or if some other method of control by the government were inserted—I do not know what I am asking for—but it seems to me that this date is one of the prohibitions to the use of charters. I think there are a lot of charters which would be available and would be activated if that date were changed to meet the needs of the small tracks. Would I be right there?

Mr. PRATT: My answer would have to be yes, sir.

● (10.05 a.m.)

(Translation)

Mr. CLERMONT: Mr. Chairman, in supervising race betting, do you have inspectors at the race tracks, or do they only go from time to time to supervise such betting? Do they only have that time to time inspection?

(English)

Mr. PRATT: We have a regular detail at every racetrack which is supervised by the department. They are there all the time, during the entire race meeting.

Mr. WINKLER: In all of the tracks in all of Canada?

Mr. PRATT: Wherever they are racing, there is a detail from the department present.

Mr. CLERMONT: Mr. Chairman, at page 4, what is a checking shippers' trust account?

Mr. R. K. BENNETT (*Director, Livestock Division, Department of Agriculture*): This deals with another subject altogether, sir. This is in connection with the supervision of stock carriage under the Livestock and Livestock Products Act.

Mr. CLERMONT: But, it is under the same—

The CHAIRMAN: We will continue with that later on.

Mr. WINKLER: I would like to make a note now for the use of the Committee that possibly this matter can be considered either the changing or the removing of that date of March 20, 1912.

The answer which I received from Mr. Pratt was very brief. I weighed it carefully and I think that if there is some other arrangement made—and I do not pretend to understand the entire function of this division of the Department, nor, as a matter of fact, the provincial responsibility—if the date were changed, or removed, or brought closer to the present date, the concern I have in this regard might be eliminated.

The CHAIRMAN: The Committee will take this as notice and when we are summing up our report we will certainly remember this, Mr. Winkler.

Mr. WINKLER: I would ask you to recommend that.

Mr. PETERS: Mr. Chairman, I think the matter that has been raised, as it is left now, is in a very unsatisfactory position. I am certainly not much interested

in the large horse races. They seem to be well supervised and well operated—at least the ones I have attended. I am interested in the little ones—the fall fairs of the agricultural societies who may wish to hold a track meet one day or maybe July 1. In northern Ontario and northern Quebec a number of years ago most of the small towns had a track, and they were responsible for developing some exceptionally good horses. This has pretty well fallen by the wayside because of the road blocks that have been put in their way. I am thinking, for instance, of the fact that Wilfred Paiement at Earlton had his own track and I think he has developed a great number of—

Mr. LEFEBVRE: On a point of order. There is no French translation taking place.

The CHAIRMAN: Oh, I am sorry. Is it coming through?

Mr. PETERS: It seems to me this is a field in which the difficulties that Ontario got into, in particular, eliminated all this type of operation. There is a fairly good race track in New Liskeard.

I know we used to exchange with northern Quebec for July 1 and a number of dates in August and in the early fall, and these have all been eliminated because of the regulations that have been laid down.

I would think that we should have recommendations from the supervisors as to what changes could be made to allow this type of operation. I do not mean by charter, because these people are not going to run a regular race operation, but somewhat along the lines of the occasional bingo in the province of Ontario, which is about as big an operation, as far as betting is concerned, as a horse race would be, where they allow them on an occasional basis.

We are not thinking of setting up the Carleton Racetrack or anything like that. I know the same is true in Mr. Winkler's area where there are a number of small tracks and the owners would like to use them once or twice a year in that particular town and there would be a circuit they would be on. This is not possible now, as I understand it.

The CHAIRMAN: I think, Mr. Peters, that has been explained by Mr. Pratt.

Mr. PETERS: Not to my satisfaction.

The CHAIRMAN: Well, how they can go about it and what the other provinces are doing about it. This would have to be followed here before we could do it in Ontario.

Mr. PETERS: But, Mr. Chairman, in Ontario we have had a lot of trouble with racetrack operations. It is big business, and it has created quite a problem.

Surely some recommendations could come from the federal field which would allow an occasional operation such as I believe Mr. Winkler is interested in, as are many of the other members. We really have had no explanation of why this cannot be done on a part time basis. This is not a regular race track operation. This is an occasional thing or a casual race circuit.

Mr. PRATT: I understand what you are proposing, Mr. Peters. I think this would require an amendment to the Criminal Code as it presently is worded because, in the past, they had had to borrow charters from the big tracks for

those small tracks like New Liskeard, Chelmsford, North Bay, Sturgeon Falls and Burks Falls.

Mr. PETERS: Would this change we would make to the Criminal Code not eliminate the protection that is being given to the public in relation to the big tracks?

Mr. PRATT: Eliminate the protection?

Mr. PETERS: Yes.

Mr. PRATT: You mean the supervision, Mr. Peters?

Mr. PETERS: No, no, not the supervision; the protection that is being given. As I understand it, the charters are very tightly supervised. When the department keeps people at the track to supervise the betting operation at every race, this is well supervised. I do not really expect they would have to do this at small tracks. This really would not change the situation?

Mr. PRATT: No.

Mr. PETERS: Nor would the issuing of more licences change the situation. What I am suggesting is that there be a second type of race track operation, of a casual nature, like an occasional bingo—a different class.

Mr. PRATT: This, as I say, would require an amendment to the present wording of the Criminal Code.

Mr. PETERS: Could you recommend to the Committee a change that could be made that would not eliminate the usefulness of the department in the role in which they now function, because they would not be able to supervise all these little races.

Mr. PRATT: Offhand, I would have to say that considerable study would have to be done, because you would be creating a different situation, and I might point out that there could be ramifications come out of it. For example, in Ontario, Peterborough started off with a five day meet and this has now progressed into a 28 or 30 day meet. This takes it from what is commonly called a non-extended meet of 10 days or less into an extended meet. You would then have to provide built-in protection against increases, or allow for increases—either one.

Mr. PETERS: Would the department be prepared to recommend this?

Mr. Chairman, the reason I am asking this is because I believe that if we made a change, or even if we recommended a change without knowing the ramifications, we could get into more trouble than we are looking for.

However, I think there is a class of fair which could use this on a very limited basis, which would serve quite an end in harness racing, particularly in Ontario. I would not like to interfere with the large type of commercial horse racing. It is a different field. The others would not really be commercial; they would be non-profit organizations operating them as societies.

The CHAIRMAN: Mr. Winkler has a supplementary.

Mr. WINKLER: My position is exactly the same as the one described by Mr. Peters. Firstly, how about the date in the Criminal Code for the governing of thoroughbreds. Is that the one? Is it May 19, 1947? Is that correct?



Mr. PRATT: That is in C section, sir, yes.

Mr. WINKLER: If that is the case, I do not know why that particular date should have been inserted in the Criminal Code just as the March 20, 1912 date for use for harness racing, but that is the way it is. It seems to me that the point Mr. Peters is getting at could be achieved simply by doing as I suggested—and to which Mr. Pratt answered “yes”—that the date should be brought forward and the supervision aspects changed somewhat or the allocation of days changed somewhat. But this is now the responsibility of the provincial government, is it not?

Mr. PRATT: Yes.

Mr. WINKLER: The allocation of days, or the terms of the charter, in other words. I am thinking of bringing that date closer to the present; in other words, bringing it up to today, and then recommending that charters might be issued to the smaller tracks, or something of this nature, such as you have mentioned; and in such a way that the days are allotted to these smaller tracks and are not transferable. This has been the difficulty, because everyone has had to go around on bended knee to get a few racing days. You say Peterborough is up to 28. I do not know where they get them, because it seems to me there are none left. Nevertheless that is their good fortune. I think, Mr. Peters, if the date were brought up to the present and such an allocation made, that would very easily solve the problem you are referring to.

Without going into the background of the business, I think it is serving a very useful purpose in rural communities. Not only is it helping to hold some of these agricultural societies together, but it is serving as an income for a few farmers. I consider it would be a very good and valuable move.

The only difficulty I see at the moment is whether some move should be made to bring it either under the control of the federal government or, as I said earlier, to pass it over to the provincial government. The present situation is certainly not a satisfactory one.

Would this be possible, Mr. Pratt, or can we not move into the field of recommending this to the provincial government?

Could I ask this, just generally. Do you get good co-operation from the provincial governments?

Mr. PRATT: Yes, sir.

Mr. WINKLER: You do. It seems to me that the only thing left to do is to change this date in the Criminal Code. It would, at least, be a temporary solution, Mr. Peters, because, as Mr. Pratt has said, the supervision does exist and it is simply a case of allotting these days so that it works to the satisfaction of the department and the supervisory staffs.

What do you do then, Mr. Chairman, does your Committee recommend to the House when you file a report. Is that how you do it?

The CHAIRMAN: I would think we could make any recommendations concerning the estimates but whether we could go further and recommend that the legislation governing this should be amended, I do not know. I would have to check. We are having a steering committee meeting this afternoon at 2 o'clock and we can discuss this at that time.

Mr. WINKLER: That will be all right.

Mr. DANFORTH: I have a supplementary question, and it deals with the very principle we are discussing now.

I think this Committee is in a position to make recommendations, but certainly we cannot make recommendations unless we know enough of the background material. My request to Mr. Pratt was going to be—and this could be elaborated on if the Committee saw fit—that, since the prime difficulty seems to be here in Ontario, perhaps a brief could be submitted to the Committee and be incorporated in the proceedings, so that we would have an opportunity to refer to it when drafting a report? I wonder if it would be feasible, Mr. Pratt, to prepare a brief setting out the material we are seeking such as information on the division of the jurisdiction—that is, in Ontario, what is the federal jurisdiction and what is the provincial jurisdiction; how many charters there are prior to 1912 and how many would be available if the date was brought forward, as recommended? In other words, could we have an outline of the actual picture, so that the Committee, when drafting a report or a recommendation, would have this story in front of them and be able to take concrete action—something that is going to be constructive.

This certainly is a problem; it is a basic problem; it involves agriculture. The livelihood of many people is involved. To my way of thinking this is important enough to warrant a major move now, not just something of a stop-gap nature. If this is a basic question, and it seems to be, let us do something concrete about it, and I do not think we can do anything constructive unless we have this material before us.

Is it impractical for your department to submit such material to us? I know some things are absolutely impossible because of the tremendous amount of work involved.

Mr. WILLIAMS: If I could answer that, Mr. Danforth, we would be perfectly prepared to present any factual material that we can along these lines.

I am not at all sure that it is possible for Mr. Pratt or for anyone else to make an estimate of how many additional charters would be available, presuming any date change. I do not think that is possible—

Mr. DANFORTH: I do not like to interrupt you, Mr. Williams, but there must be some idea. The Committee does not know whether it is 2 or 200. We have no way of knowing I think this would have a direct bearing on it. There must be some record of these charters. I would imagine some of these race track men have combed through this charter business pretty thoroughly several times looking for these extra days, so there must be some record available.

Mr. PRATT: Possibly, through the cooperation of the provincial government.

If you changed this to a later date, of course, you are opening to letters patent any other type of incorporation. The information would then have to be derived from the provincial government, because we ourselves do not have that. We would have an indication of a few, but that is all.

Mr. WINKLER: What is the system currently in use in the United States? Is there a state and federal division or is this type of racing governed by one government?

Mr. PRATT: By individual states.

Mr. WINKLER: There is no federal control at all?

Mr. PRATT: No, sir.

The CHAIRMAN: Mr. Southam is next. I would ask you to speak into the microphone because they are having some difficulty.

Mr. SOUTHAM: Thank you, Mr. Chairman. Mr. Winkler has opened up a very important discussion here this morning with respect to the welfare of agricultural fairs.

I was interested earlier on in the discussion, when Mr. Pratt mentioned that our regulations here in Ontario vary from those in other provinces.

Have you people looked into what has been done in the other provinces in Canada, which would, I presume, have had this similar problem. There should be some uniformity in reaching a solution to this.

Mr. PRATT: The problem has not arisen, sir, in other provinces. When a charter is warranted, or required, it is usually issued by the province under a special act.

Mr. SOUTHAM: I was also interested to hear there were these several different avenues of approach in getting these charters. From your experience, what would you recommend to the Committee as being the better approach? Would it be to work through the provincial or federal governments to change the act, or by asking for individual charters? This, I think, would be helpful to the Committee.

Mr. PRATT: To answer the question, I would have to say that all three avenues that you have mentioned are possible and suitable. Possibly the amendment to the Code, which Mr. Winkler mentioned, bringing it into line with what the thoroughbred section did in 1947, would, I believe, in my own personal opinion, solve the problem in Ontario.

Mr. SOUTHAM: I was very interested in Mr. Winkler's last question about how they approach this problem, say, in the United States. After all, if we have a problem here other people must have had it before, and if we could do a little research into this angle it might help us come up with the answer.

Mr. WINKLER: Is betting in the United States also governed by the individual states, Mr. Pratt?

Mr. PRATT: That is right, sir.

Mr. MUIR (*Lisgar*): If my information is correct, I think the same thing applies probably to a lesser degree in Manitoba, because it is only when a charter becomes dormant that it becomes available to other tracks.

I was interested in the suggestion that was made here by Mr. Peters, I believe it was, that for these small tracks a non-transferable charter would be issued so if it does become dormant it automatically lapses. It seems to me there is a lot of finagling going on in regard to picking up these dormant charters among other racetracks. I think they even bid for them, if I am not mistaken.

Mr. PRATT: In Manitoba, sir?

Mr. MUIR (*Lisgar*): I think so, yes.



Mr. PRATT: Not to my knowledge in Manitoba, sir.

Mr. MUIR (*Lisgar*): The fact remains that these dormant charters are picked up by other tracks in Manitoba are they not?

Mr. PRATT: I know of none that have been picked up in Manitoba. There are certainly none that have been raced under, sir.

Mr. MUIR (*Lisgar*): Is that right? I still think it would be a good idea to have non-transferable race track authorization, or whatever you want to call it—probably under the federal jurisdiction—for these small three day races in the fall or in the summer, so that these people could make use of it without having to go on bended knee, as Mr. Winkler put it, to someone else to pick up a three-day charter. I know this has happened in Manitoba.

Mr. PRATT: This is quite correct.

Mr. HONEY: Mr. Chairman, I think Mr. Winkler has opened up a very important matter, and my only comment is that I agree with Mr. Danforth's remarks.

Speaking personally, it is difficult for me to make any decision or to support any recommendation this morning. As has already been said, we are concerned with matters of jurisdiction here. It appears that we have a problem in Ontario that other provinces may not have and, I for one, would hesitate even to try to formulate an opinion which might interfere, indeed, with other provinces if we try to rectify Ontario's problems.

I would like to support Mr. Danforth's suggestion, and if it is in order I would like to make a motion that we ask the departmental officials—as Mr. Williams has indicated he would do—to provide us with a brief on this matter and probably they should have reference, or will have reference, to Justice because I think the constitutional aspect is an important one, particularly as it affects provincial jurisdiction.

I would like to move, so that we can have some finality to this matter, that we ask the department to prepare for this Committee a brief dealing with the matters we have discussed this morning, so that we can then consider in a more intelligible fashion.

The CHAIRMAN: I do not know if a motion is necessary. We have had the officials prepare briefs for us before and we add them as an appendix to the hearings and they seem to work out quite satisfactorily.

Mr. PETERS: Mr. Chairman, I will second that.

The CHAIRMAN: Mr. Danforth has indicated he wants to second it.

The Clerk informs me that it does not necessarily have to be printed as an appendix. It can be tabled at a later date and added as an appendix to the meeting, as far as that goes.

Mr. Danforth and Mr. Peters have indicated they wanted to second the motion, so that it has been moved and seconded.

Is there any further discussion on this motion of having the officials prepare all the information for the Committee on horse racing? Would that be right?

Mr. HONEY: On the charter aspects of the problem; is this correct?

The CHAIRMAN: I would think that we should know everything about it.

Mr. HONEY: All aspects that concern federal jurisdiction.

Mr. JORGENSEN: I would like to know just how a change in the provincial regulations could supersede an amendment to the Criminal Code. This puzzles me.

The CHAIRMAN: I think, Mr. Jorgenson, that we could probably ask all kinds of questions here today concerning this, but if we do get this report and it is tabled here with the Committee, we would probably have a lot more information than we have now, and it would eliminate a lot of time in the Committee.

Mr. PETERS: Mr. Chairman, does Mr. Pratt have knowledge of the type of representation that the agricultural societies would make with regard to limited track meets for their purposes or would it be advisable to ask the agricultural societies to make submissions on this matter? I am not sure if they ever have. This is a multi-million dollar operation in Ontario. We are not talking about that kind of an operation at all, or, at least, my interest is not in that aspect of it; it is only the small casual ones.

Is your experience broad enough on the representations that they make from tracks like Burks Falls, New Liskeard, Val D'Or and Rouyn, where I know these small meets used to take place, to allow you to make a recommendation rather than asking for submissions from some of the agricultural societies and other racing associations which are very local in nature.

Mr. PRATT: I believe it is, sir. You realize that Burks Falls and many of the ones you mentioned are still racing and do race under us.

Mr. PETERS: Yes; but they do not bet.

Mr. PRATT: Yes, they do, sir. Manitowaning, Gore Bay, Burks Falls and Chelmsford, they all bet.

● (10.30 a.m.)

Mr. PETERS: I would have thought that was a bootleg operation.

The CHAIRMAN: I think one of the things we should be concerned about is that all the estimates cover all racetrack operations. I think this is what we should be concerned with. We should know what the federal government does, what percentage of the take they get, how the betting is divided—all this information should be made available to the Committee, because the same principle would be followed, I think, in an agricultural society, if betting is done there.

I have had a lot of requests—and I am not even going to try to go into them today—from people making inquiries about betting at racetracks, and the operation of the racetracks. There are a lot of inquiries, and I think there is doubt in a lot of members' minds.

I think this motion, if it is carried here, should answer a lot of these questions, and then we could delve into it at a later date.

Mr. PETERS: Mr. Chairman, I am not being facetious, but does the department have any interest in stock car racing, where there is betting?

Mr. PRATT: No, sir.

The CHAIRMAN: There is one question I would like to ask Mr. Pratt or Mr. Williams: Has it ever been discussed that the betting at racetracks be turned over to Justice from Agriculture, under the Solicitor General.

Mr. WILLIAMS: This has been discussed internally, yes, sir.

Mr. DANFORTH: I would like to suggest to the Committee that, when this material is available, because of the interest of Mr. McKinley and Mr. Winkler in this particular problem, copies be made available to them, and then, perhaps on consultation with them and the steering committee on the basis of the material submitted, we could then decide whether or not a meeting of the Standing Committee on Agriculture be devoted to this subject.

The CHAIRMAN: I think to safeguard that today, after the motion is carried or defeated—and I think it will carry—we should make sure that we stand this part of the item we are dealing with so that, before we table the estimates, if it is necessary to bring the officials back we can do so.

I think everyone is aware of the motion. Are you all in favour of the motion?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: Opposed, if any? I declare the motion carried. We will move on. We covered the dairy products division the other day.

Mr. Clermont, do you wish to go back to the question that you asked previously? Would you care to phrase it again? It was dealing with shippers' trust accounts.

Before Mr. Clermont continues, is it the understanding of the Committee then that we stand the item "livestock division"? Is it agreed that we stand "livestock division" until this racetrack betting is clarified for the Committee?

Some hon. MEMBERS: Agreed.

Mr. CLERMONT: It is on page 4 under production and marketing branch. It reads:

The only direct function performed by the department is in checking shippers' trust accounts.

Mr. BENNETT: Under the stockyard regulations which apply to the 10 stockyards across the country, of which there are two in Montreal, one in Toronto and Winnipeg, two in Saskatchewan and four in Alberta—a total of ten—under the regulations, each selling agency—which are commonly referred to as commission firms—each selling agency is required to operate a trust account which is known as a shippers' trust account. Into that specific account must go all the receipts, all the money, they receive for the sale of livestock which has been consigned to them by farmers. Then the regulations specify the particular things for which moneys can be withdrawn from that trust account. The object, of course, is to ensure that the farmer who consigns livestock for sale on the stockyard will always receive payment.

Mr. CLERMONT: Is that system satisfactory?

Mr. BENNETT: This system is very satisfactory.

The document from which you read refers to the fact that the division has auditors who go in and check trust accounts quite regularly to determine that



the regulations are being lived up to and that these moneys are not being withdrawn and used for other purposes than for the payment of livestock.

Mr. McKINLEY: If the farmer ships directly to the packing company and in the meantime the packing company goes bankrupt, is there something to protect the farmer in that case?

Mr. BENNETT: There is nothing in the regulations to protect the farmer who consigns his livestock for sale to other selling agencies or other places than the stockyard. This is considered as a private transaction between the farmer and the packer buyer, or the auction sale operator, or the exporter to the United States.

The regulations apply only to livestock consigned to what we commonly refer to as public stockyards. In the province of Ontario there is one, which is located in Toronto.

Mr. McKINLEY: I think the same thing applies to community sales. Do they not have to be bonded?

Mr. BENNETT: The provinces have legislation requiring that they be licensed. To my knowledge, the only province that requires a bond for what you referred to as community sales or auctions is the province of Alberta.

Mr. McKINLEY: It is not true of Ontario?

Mr. BENNETT: Not to my knowledge. I know it has been discussed, but to my knowledge it is not effective in this application at the present time.

Mr. McKINLEY: That may be true, but I do believe that there is some legislation.

Mr. BENNETT: I will be very glad to check that and find out the actual facts for you very quickly.

Mr. McKINLEY: What bothers me is the person running this sale is bonded to be responsible to the primary producer, but when he turns—as he always does—to a packing company, he has no protection. It seems to me that if there is going to be protection on one end it should be followed right through.

Mr. BENNETT: This is a matter of provincial legislation, once you go outside the area of selling livestock at the public stockyard.

The CHAIRMAN: We have covered the dairy division—

Mr. PETERS: Before we leave that, is it not true that in community sales the operator of the community sales never buys, or seldom buys? He actually only acts as a selling agent between the producer and the buyer who may be anyone.

Mr. BENNETT: Generally, for a commission of possibly 3 per cent, or a fixed fee per animal, he provides the facilities to which the farmer can bring the livestock and the buyer can come to purchase. Your statement is correct. He does not, in general, purchase livestock himself.

There can be exceptions to that. A packer-buyer can place an order with him to purchase on the packer-buyer's behalf. But this is not the general practice.

Mr. PETERS: This would not really meet the terms of an auction sale?

Mr. BENNETT: It does not meet the requirements of a stockyard under the Act.

Mr. PETERS: You would have to declare that that was a reserve bid under the Ontario auction sale.

The CHAIRMAN: Yes, they announced that this morning.

Mr. BENNETT: The reserve bid generally applies, so that this bond would not apply. The reserve bid applies to a specific case where the owner of the livestock is allowed to make one reserve bid.

If a farmer brings in 10 cattle, he can say, "I will not accept any less than 25 cents for those cattle." In other words, this acts as a reserve bid whether it is made in the form of a bid or not. His cattle cannot be sold to anyone lower than this price which he specifies.

Mr. PETERS: In my area I understand that he has to make the bid an open bid.

Mr. BENNETT: Yes.

Mr. PETERS: So it is not really a reserve bid. He also pays the brokerage fee to the outfit. They will want his bid.

Mr. BENNETT: If he takes the animals out he still pays the fee.

Mr. CLERMONT: Mr. Chairman, did you go over dairy products division?

The CHAIRMAN: We went through that the other day when Mr. Goodwillie and the other officials were here.

Mr. CLERMONT: May I ask a question, because I was on the Finance Committee that day.

The CHAIRMAN: Mr. Williams could possibly answer your question.

Mr. CLERMONT: The question is on the Cheese and Cheese Factory Improvement Act on page 4. In the last paragraph I see that for the time being this credit is stopped, but construction or renovating and equipping factories that have been amalgamated—this latter phase is under suspension at present.

Mr. WILLIAMS: That is correct. There are three things provided for in the Cheese and Cheese Factory Improvement Act: (1) the amalgamation of cheese factories; (2) the construction of curing and ripening rooms and (3) the premium on high quality cheese. The first of these is presently under suspension.

Mr. CLERMONT: May I ask the reason?

Mr. WILLIAMS: It was suspended in 1962, during what was known as the austerity program, sir. It has never been reinstated by the government.

The CHAIRMAN: We will now move on to "poultry division."

Mr. PETERS: Before you proceed with that, Mr. Chairman, may I ask: Are there requests coming in for amalgamation. Is this the type of legislation that could be re-introduced?

Mr. WILLIAMS: The legislation still exists, and requests are still being received.

Mr. PETERS: Are they numerous?

Mr. WILLIAMS: They are becoming less numerous I would say at the present time, because it has been under suspension for some time; and I think this matter is quite well known; but there are certainly in existence at the present time, I would say, somewhere between 5 and 10 live requests.

Mr. PETERS: I presume it is not fair to ask what your recommendation in this field is? I know that there is a problem in the cheese industry with small plants, in the need for increasing their mechanization. Was this a satisfactory program? Did it accomplish something for the cheese industry? Is it worth the Committee considering this particular aspect as in seeking to solve some of the problems in the small cheese factories in the areas?

Mr. WILLIAMS: I do not quite know how to answer that. I think it is quite definite that it did serve a purpose. I think it is also quite definite that the need for the legislation has decreased, because many factories have become amalgamated under it.

I cannot quote you the numbers at the present time, but quite large numbers have taken advantage of this.

The only thing I think I could add to that is that the matter is not dead at the present time. It is still being considered.

Mr. PETERS: Would you recommend to the Committee that this be reactivated?

Mr. WILLIAMS: I do not think I would be prepared to recommend or not recommend, Mr. Peters.

The CHAIRMAN: I would think this would be a policy matter upon which it would be beyond the assistant deputy minister's jurisdiction to comment.

We will move on to the poultry division and to Mr. A. D. Davey, director of the poultry division.

Mr. DANFORTH: Mr. Chairman, before Mr. Bennett leaves, perhaps he would be interested in this—and no doubt it is a question that should be brought before the steering committee—I am sure the Committee members will recall that during the debate on the estimates in the House for the year 1965, an undertaking was given by the Minister to me to provide for this Committee the details of the importation of Charolais cattle. Since this will be coming up, no doubt, under votes 40 and 45, I wondered how much progress had been made in this report and if it would be available to the Committee members prior to this vote being called, so that we might have an opportunity to study this entire question and be prepared to deal with it at that particular time.

The CHAIRMAN: I think that Mr. Williams and Mr. Parker could certainly make a note of this. This would be under Dr. Wells, as I understand it, who will be appearing before the Committee.

Mr. DANFORTH: The reason for my request, Mr. Chairman, was to see that this would be available to the Committee members prior to our dealing with this particular matter.



Mr. WILLIAMS: We will do our best to have it ready. I cannot answer specifically what stage it is in because I have not inquired myself. We will look into it immediately.

The CHAIRMAN: They will do their best to have it here before that time.

I hope we are on "poultry division" now. Are there any questions concerning the poultry division? Mr. Davey, the director of the poultry division, is here to answer any questions that you may have.

Are there no questions concerning poultry? I did not know the industry was in such a good condition. Maybe it is. Mr. McKinley?

Mr. McKINLEY: I notice you still have R.O.P. Is there very much R.O.P. testing done now?

Mr. A. D. DAVEY (*Director, Poultry Division, Department of Agriculture*): No; that is actually the name of a program that since its original inception on the farm is not carried on in the same state. It is very limited on the farm at the present time.

Mr. McKINLEY: Another question: Is what you find out in the breeding work that you do at your stations, available to commercial firms?

Mr. DAVEY: If you are referring to the random sample tests program which is being carried on in Ottawa, separate and apart from what goes on in the research branch, the reports of the results of our random sample tests are available to the public. The random sample test is a test of strains developed by various people across the country and brought in here for testing purposes and that material is made available to the public.

Mr. McKINLEY: I am thinking more of the developing of new strains. Is there any work along that line being done?

Mr. DAVEY: There is work being done both by the research branch and by the production marketing branch in some development work, yes.

Mr. McKINLEY: Are the information or the strains you might develop available to people in industry?

Mr. DAVEY: When it is proven. The improvement work we do in this regard—the preliminary work is done here and we co-operate with the breeders in the field, who enlarge the work, test it further against other stock, put it through various trials and they, in turn, make it available to the public in general.

Mr. McKINLEY: You would make it available to any breeder who wanted it?

Mr. DAVEY: The breeders who are working under our recognized breeding program, yes.

The CHAIRMAN: Do you do work with turkeys, too?

Mr. DAVEY: Yes; we do not run a random sample test the same way as we do with chickens, but the boys in our production work do work on breeding programs direct with the breeders on their own premises.

Mr. ROXBURGH: Is there any work being done these days with the broiler situation as it plays a very large part in the turkey industry? Is there any work

being done and making it possible, say, for broilers, through breeding, to mature at an extra early period, or at an earlier time than at the present?

Mr. DAVEY: The same type of work that is being done with turkeys is also being carried on with broiler breeders, that is, the breeders of chicken broilers, in order to help them in their programs to improve the efficiency of their general growing and production operations.

Mr. ROXBURGH: What about green ducks?

Mr. DAVEY: That is one area that we have not got into.

The CHAIRMAN: Do you care to make a comment, Mr. Davey, on the difference between breeding stock and commercial stock? If I were going to buy hatching eggs, or poults, or something, and I thought I was buying poults from breeding stock and they were just from commercial stock, what would be the difference?

Mr. DAVEY: Basically, your breeding work is done by a limited number of poultrymen across the country, who are technically interested in that phase of work. That stock goes from there to what we call hatchery supply flocks where the nucleus stock is expanded. These hatchery supply flocks supply the hatching eggs to the commercial hatcheries which, in turn, supply the chicks or turkeys to the general growers.

It depends on the level to which you go to purchase your stock. If you go to a breeder directly, you are probably going to get breeding stock, or a cross of his breeding stock. If you go to a commercial hatchery, you are going to get commercial stock which is available to the commercial grower.

The CHAIRMAN: Are there any further questions? Mr. Danforth?

Mr. DANFORTH: Mr. Chairman, may I ask Mr. Davey whether there is an overlapping between the administration of the poultry division and the products marketing division? How far does your work under your particular area carry forward? Do you deal with the eggs, the egg quality, the packaging, the various methods of marketing. Just where does your division begin and end where poultry is concerned?

Mr. DAVEY: Well, let us look at the broad picture. The general extension work with the producer on the farm is the responsibility of the provincial department. Once those eggs are marketed in the joint arrangement which the federal government has with the province—which I think is spelled out in the document—where the federal officers are appointed to enforce the provincial legislation, we step in at the grading station level, which is your first marketing level. Our officers then follow those eggs, or poultry products, at all stages right through to the time the consumer takes them out of the case in the shop.

Mr. DANFORTH: Then you play the role of supervision of inspection then.

Mr. DAVEY: Of inspection and quality control throughout.

Mr. DANFORTH: Under your particular division there is no work done on the types of packaging, methods of transport or this phase, or, is that provincial?

Mr. DAVEY: No, no. This is apart from our grading and inspection. In the poultry division, we also have a section which deals with our markets and

merchandising, which covers the points you have raised on packaging, the various aspects of merchandising, all of our statistics and so on.

Mr. DANFORTH: In other words, then, you do have control of the product right from the basics to the consumer?

Mr. DAVEY: Yes; we specify on the requirements with regard to containers. It is in our regulations, for poultry, eggs and frozen products.

The CHAIRMAN: Are there any further questions?

Mr. MCKINLEY: You say that this information is available to recognized breeders. What is your definition of whether you recognize them or you do not?

Mr. DAVEY: I thought you were talking about the stock which is produced.

There are a few breeders who are working directly with our department on the modern form of an R.O.P. program. They are the ones who basically use this improved stock that we are developing.

The information that we have is available to anyone. Does that answer your question?

Mr. MCKINLEY: You say that in Ontario there are a few. Could you name them?

Mr. DAVEY: The outstanding breeders in eggs, whom we are working with in Ontario, include Fisher at Ayton and Shaver at Galt. Those are the two main ones in Ontario.

Mr. DANFORTH: Mr. Chairman, is there any exchange of information, or any liaison, between the federal poultry division and the large commercial entities which are doing their own research? I am thinking of High Line or Pioneer, or some of these large commercial firms which are doing extensive work in poultry. I am very interested to know, is there an exchange of information or is there a tremendous duplication of effort?

Mr. DAVEY: No; we keep switching stock back and forth to compare progress. We probably do not tell all the secrets of how we arrived there, but at least we are determining the relative merits of these stocks. We use High Line stock and other breeder stock here in comparing them against ours and we are sure they have got stock from here to compare against theirs.

Mr. DANFORTH: This brings up another allied question which, I am sure, it is of great interest to people who buy chicks and flocks for high egg production. There is no question that in this line, as in any other line, there is a tremendous amount of advertisement over the relative merits of type "A" against type "B" against type "C", and unless a man is in a position where he has very intimate information, it is sometimes very hard for him to form a conclusion.

Because there is a tie-in, as you have described, between the various commercial firms and the department, would it be possible for me, as a producer of eggs, to write, or get in touch with, your department and get a complete recommendation, or description of type A against type B?

Mr. DAVEY: In answer to your question, if I might go back to my reference of the random sample test, out on the Merivale Road we have an extensive operation where we have hatching eggs sent in here from all the various



outstanding breeders, the various lines they have in Canada, as well as some from the United States, including some of the people you have mentioned. These eggs are hatched here, the chicks are raised here, the hens go through their complete laying year. At the end of the year we have a complete report on all aspects of that operation—the cost, the feed consumption, the egg production, the mortality. Any aspect you want to think of, relative to the efficiency of the operation and which the ultimate user would want, I think you will find in our report.

At the end of the year, this report is made public to anyone who wants it and you can look in there and compare John Jones against Henry Smith or anyone, and you know what the mortality of his stock was, the feed efficiency, the cost of producing a dozen eggs and so on and so forth. It is all available.

Mr. DANFORTH: This is a very commendable service. How is this material distributed? Is it sent out through various field men, extensive services, or does it depend on the initiative of the person himself? Must he write in for this or is this made available on a mass scale?

Mr. DAVEY: We have an extensive mailing list whom our reports go out to quarterly. We not only have a report at the end of the year, but we sent out quarterly reports to an extensive mailing list. It is also given fairly extensive publicity in the poultry press so that if anyone wants it they can get it one way or the other. It is available to anyone.

● (11.00 a.m.)

Mr. MUIR (*Lisgar*): Would you make it available to members of this Committee?

Mr. DAVEY: We can give you a copy of it, yes.

Mr. SOUTHAM: In this brief you refer to "the poultry division administers the National Poultry Breeding Program (R.O.P.), including the home evaluation and development of breeding strains." This is relative to what Mr. Danforth has been talking about: Do you find the general public taking full advantage of this home evaluation development program?

Mr. DAVEY: There are not a lot of people involved in it, but you do not need a lot of people involved in this, as long as you have a nucleus of breeders across the country, who can, through the hatchery supply flocks, fan this material out and multiply it through the commercial hatcheries and make this nucleus of highly bred stock ultimately available in quantity to the public.

Mr. SOUTHAM: As Mr. Danforth said, this is a very commendable program and service. I was just wondering if the general public are really aware of the fact that this is available to them to the extent that it is?

Mr. DAVEY: Oh, yes; but in this modern day, it is becoming a very intricate operation and so it cuts down the number of people who want to make use of it. They would sooner make use of the ultimate commercial stock.

Mr. ROXBURGH: On a supplementary question: Would that information, or at least where to write for it, be sent out to the agricultural representatives throughout the country? For example, a lot of farmers go to their agricultural representative for information and he might want to find out about stock

coming from such and such a poultry grower. Is that information obtainable through the agricultural representatives?

Mr. DAVEY: I would say yes. If he has not got it, he knows where to get it.

Mr. ROXBURGH: That is what I am getting at. Thank you.

The CHAIRMAN: I want to make one announcement before we proceed. This meeting will not adjourn—as I told you on Tuesday—until approximately 11.45 because, we do not have to vacate this room. We will meet again Friday morning.

We are not proceeding as fast as we probably should and we are going to have to use every minute we can to get through with these estimates.

Mr. SCHREYER: I have one question. I am not too sure if it falls within your purview, but it is being contended that modern methods of broiler production affect the quality of the product and also its storageability. Has your division ever concerned itself with testing as to storageability of broiler production coming out of the new methods of production?

Mr. DAVEY: We have not had occasion to do any testing, because despite the fact that broiler production has been increasing in leaps and bounds year after year, there is a very small percentage of it that ever gets into storage. It is consumed just about as fast as it is produced. There is not a long storage problem with broilers.

Mr. SCHREYER: I would put this question, Mr. Chairman: Has it ever been suggested or contended, or submitted to the poultry division, that modern methods of broiler production affect the storageability of the product?

Mr. DAVEY: No, we have never had the problem presented to us.

Mr. NOBLE: Mr. Davey, I am interested in the work you are doing with these breeders across the country. In your experiments, are you able to discern a progressive improvement in the various things you are working toward? Are you holding your own, or what progress is being made? Are you making some improvement each year or what could you tell us about that?

Mr. DAVEY: I think, in all aspects, in the case of feed conversion, the amount of feed it takes to produce a pound of meat, the amount of feed it takes to produce a dozen eggs and so on—that is improving year by year. Our mortality or liveability is improving as we develop new procedures.

Mr. NOBLE: Have you got to a maximum in, say, egg production? Have you got to a point where you find you cannot get any further with that, or is there still room for improvement there?

Mr. DAVEY: Further improvement gets tougher, but we are still going up a little.

The CHAIRMAN: Thank you, Mr. Davey.

We will now move on to "plant products division".

Mr. Stevenson, chief of the seed, fertilizer and pesticide section of plant products division is here to answer questions.

Before anyone leaves, I would like to say that the Speaker has sent a notice to us advising that at 12.30 today in the Railway Committee room we will be honouring former Speaker Macnaughton. The occasion of the hanging of the traditional speaker's portrait will take place. It would be appreciated if all would attend.

Are there any questions on plant products division? As you see it takes in several different Acts.

The Seeds Act is first. Are there any question on this?

Mr. SCHREYER: The plant products division has the responsibility of operating and enforcing the Seeds Act. I take it that if any individual has purchased registered or certified seed and finds, subsequently, that this seed is just not up to specifications, he then should approach the plant products division in the region in which he lives for enforcement.

Is there any sharing of jurisdiction in this specific regard with provincial authority?

Mr. C. L. STEVENSON (*Chief, Plant Products Division, Department of Agriculture*): No, there is no sharing. This is a federal Act and there is no provincial Seeds Act, as such, that I know of.

Mr. SCHREYER: Mr. Chairman, I have a supplementary in this connection. I am speaking from a specific case, and I am wondering about the person who purchases registered seed which is tagged and so on and finds subsequently, when he puts it to the test, that the germination is far below acceptable standards. What recourse does he have then? He has paid the prevailing price for registered seed and been given to understand—the tag on the bag is to this effect—that this is registered seed and germination is 50 or 60 per cent. What then?

Mr. STEVENSON: In the sealing of registered seed, the germination is checked on a sample of it before it is sealed. When an inspector is sealing a lot, which may involve 100 or even 1,000 bags in one lot, each bag is not checked for germination. A great number of the bags in registered seed are checked for purity when making up your composite sample when the inspector looks over them to grade the material at the site.

There is a possibility, I suppose, that the sample was taken in the first place for a germination test, but that subsequently it is not the same lot that would be presented for sealing, but it is highly unlikely that this would occur.

If it is found that it is below germination he has recourse through the plant products division for checking of the germination, and then, of course, any civil action for recovery of money would be between the buyer and the seller.

Mr. WILLIAMS: I think I should add that germination can alter after the sealing, depending on the conditions under which it was held, and once it is sealed the department does not supervise the conditions under which this seed is held. For example, it could be left outside and be badly frozen, or something of this nature.

Mr. JORGENSEN: You may recall that in Manitoba last year the weather conditions were such during the harvest season that harvesting was delayed



until some time in October in many areas. As a consequence, germination of seed grains in that area was lowered considerably. This was particularly true of a lot of the Manitou wheat that was being grown on the test plots. Farmers purchasing seed wheat this year of the Manitou variety were told that the germination was considerably lower than it should have been and yet with impunity they just say you pay the same price as for seed that has 100 per cent germination. If you complained about it they just simply said, "Buy a bag of high germinating grain and mix it with the other and you have an average."

What action does the plant products division take in a case like that?

Mr. STEVENSON: We have no authority over the pricing at all, Mr. Jorgenson. I do not know whether you are referring to seed that was actually sold as commercial seed, or, seed that was sold by one farmer to another?

Mr. JORGENSEN: It was seed that we were buying through the registered seed houses.

Mr. STEVENSON: I cannot answer your question specifically on this, Mr. Jorgenson. I was not aware that we had taken any action a year ago to lower the germination standards.

Mr. JORGENSEN: It was not a question of lowering the germination standards. Manitou wheat was in great demand, as you know, and they just took advantage of that fact, in spite of the fact they knew that the germination was running around 50 or 60 per cent.

Mr. STEVENSON: But it was still sealed as registered seed?

Mr. JORGENSEN: Yes.

Mr. WILLIAMS: Mr. Jorgenson, are you suggesting that the seed was sealed at germination levels below those required for registered seed?

Mr. JORGENSEN: Yes. What I am saying is that when buying through the registered seed houses we were told the germination was low. I forget what it was but, I think it was around 50 or 60 per cent, and on other bags of seed the germination was much higher. If you complained about it, they simply said: "This is what we have and you can take it or leave it." This was at the price you would normally pay for seed that had a very high germination test.

Mr. WILLIAMS: As Mr. Stevenson said, we have no jurisdiction over the price, but we will immediately look into the question you have raised about seed having been sealed with a germination test lower than is required under the regulations, and we will report on it.

(Translation)

Mr. GODIN: Mr. Chairman, does the Department provide inspectors for grain inspection, does the Department also control the quantity of the seed grain?

(English)

Mr. STEVENSON: It refers to the quantity of the seed grain. You mean the quantity of seed grain that is produced in a province? Anyone may buy

registered seed, or may buy foundation stock seed, and start out to produce registered seed, or he may want to produce certified seed. The plant products division will inspect, as far as possible, any requests which are made for the inspection of registered seed.

There is no limit as far as we are concerned on the amount of registered seed that is produced.

(Translation)

Mr. GODIN: Could we know the quantity offered for sale? I have been in the seed business for the last ten years. Over the last few years especially I have noticed that, for instance, according to some rumour or other, linseed was supposed to be in very short supply. Three years ago it was clover seed, this year it is oat seed. Could the farmer find out from the department, at any given time, if these rumours are based on fact or not, and if there is any real reason for increases in price?

(English)

Mr. WILLIAMS: This is a difficult problem, sir. We have each fall, in November, an outlook conference to which the federal government and all provincial governments and all agricultural associations are invited.

Prior to the conference, the Department of Agriculture, working in co-operation with the provincial departments, produces outlook material, and one of the items covered is the supply of seeds, whether these be grass seeds, legume seeds, or cereal seeds, and we endeavour to make available to the farming public, through this forum, information on an estimate of what the seed supply will be for different varieties—for different types—right across the whole board in so far as the seed situation is concerned.

Mr. SCHREYER: Mr. Chairman, I note that at page 6 the sentence reads:

The division maintains a check inspection to ensure proper grading.

What course of action is taken if there has been improper grading?

Mr. STEVENSON: The course of action that is taken with improper grading is that after a sample of seed has been checked to confirm that there is improper grading, the material is detained and taken off the market until it is relabelled. Of course, if it is down at the lowest grade then it just could not be sold as seed.

Mr. SCHREYER: That is in the case of the inspection of commercial seed grain. But so far as pedigreed seed—

Mr. STEVENSON: The certified seed would fall into the same category that I have just described because now the sellers can put their grade on the certification—grades of seed. It is not allowed to go on and reproduce for pedigreed seed again. In other words, you cannot reproduce certified seed from certified seed.

Mr. SCHREYER: That is, in the case of certified seed, the grading is carried out by the seller, but not in the case of registered, of course?

Mr. STEVENSON: No. I am pretty sure of this, but there was a change made two years ago and I have not been strictly in seed work, but in registered seed I would say the answer is no. With certified, yes.

Mr. SCHREYER: Then, it is entirely possible, in the case of certified seed, that there is more likely to be improper grading, because it is not conducted by the plant products division itself, but rather by the seller? Apparently, this is what has been happening, to some small extent, at least, in Manitoba.

Mr. STEVENSON: In so far as germination is concerned, probably I should put it this way, that there would be more possibility of its being off in relation to purity than with germination. Down through the years, I cannot recall that there have been this many problems with germination of lots that have been offered for sale.

Mr. SCHREYER: One last question, Mr. Chairman.

The division operates seed testing laboratories in several centres, including Winnipeg. Do you know offhand where in Winnipeg this laboratory is?

Mr. STEVENSON: Yes, it is right in our dominion public building in Winnipeg.

Mr. MOORE (*Wetaskiwin*): Do inspections have to be made during the growing period for seed grains as well as after?

Mr. STEVENSON: For the pedigreed varieties?

Mr. MOORE (*Wetaskiwin*): Yes.

Mr. STEVENSON: There is field inspection for the pedigreed variety. We do not inspect commercial seed.

Mr. DANFORTH: Mr. Chairman, I would like to ask a question in regard to foreign seeds brought into Canada to be used by Canadian growers. I am speaking specifically now of corn.

In Ontario we use a tremendous amount of imported hybrid seed corn. What guarantee has the buyer of this seed that the qualities as set out on the tag meet with Canadian specifications? Are these specifications as to germination and seed quality determined in the United States before importation into Canada, or are they subsequently subjected to Canadian tests after the importation by the seed company into Canada?

What I am trying to determine, Mr. Chairman, is whether or not the users of such seed are operating under American standards or Canadian standards when they read the specifications on the tag.

Mr. STEVENSON: I am sure in this area that there would be someone bringing their seed in. In other words, there would have to be a sale take place in Canada before the Seeds Act tax would become applicable to such a situation.

Once the Seeds Act becomes applicable to that situation, it would be the regulations of our Act that would pertain to it. What standards they have in the U.S. would have no effect on what standards would be applicable to that seed which is actually sold in Canada. If a supplier buys it directly from the U.S., where there is no sale made in Canada by anyone, then I would not see where the Seeds Act would be applicable to that.

Mr. DANFORTH: Mr. Chairman, may I elaborate on that? I just do not quite follow. If I, as an individual, buy from a seed company in the United States one hundred bushels of seed corn, then the only guarantee I have of quality is the word of the American company, or of the label that is on the seed at that time.



In the other case, if I am a distributor or an agent for an American seed company and I import into Canada five thousand bushels of seed corn for sale, or distribution, to Canadian farmers, when those Canadian farmers purchase that seed from me, is that seed subjected to Canadian inspection, and subject to the standards of the Canadian Seeds Act, or is it still distributed under the American tag?

Mr. WILLIAMS: I think that the answer, partly, Mr. Danforth, is that it depends on how it is sold, and what it is sold as. If it is sold as a seed coming under the Seeds Act, it will be subjected to Canadian inspection, yes.

Mr. STEVENSON: Yes. What Mr. Danforth is saying, then, is that it would be subject to the requirements of the Seeds Act. I was just trying to think of how closely our standards on pedigreed seed are associated with those in the U.S. and I cannot tell you, Mr. Danforth.

Mr. DANFORTH: May I make the question less technical, Mr. Chairman? Let me put it this way. If I, as a farmer, go to a local seed company and I buy "X" bushels of seed corn and on the tag it says "95% germination", has any determination been made by any Canadian agency that that seed does have 95% germination?

Mr. STEVENSON: It would be subject to the Act. The particular lot which you buy may not have been checked. It would be spot checked later.

Mr. DANFORTH: This is what I am trying to determine. This quantity of corn, then, that would be distributed to farmers, would be subjected to the same type of inspection as Canadian seed corn grown and distributed in the same fashion? This is what I am trying to determine.

Mr. STEVENSON: Any seed that is sold in Canada is subject to meeting the requirements of the Seeds Act.

Mr. DANFORTH: The only difference being that if I imported the seed as a user I therefore don't come under this Act.

Mr. STEVENSON: No sale takes place.

Mr. DANFORTH: But if I bring it in for the purpose of sale, then it must be inspected.

The CHAIRMAN: May I ask you a question, Mr. Danforth? Did you ever see, or hear, any evidence that imported seed did not live up to the tag that was on the bag?

Mr. DANFORTH: I can not give a direct answer to that, because there have been instances where seed did not live up to the germination; but there could be so many other factors involved. I can not give a definite answer. What I was trying to ascertain was whether imported grain was subjected to the same conditions as Canadian grown.

Mr. HONEY: Do I take it, Mr. Chairman, from what witnesses have said, that there has to be a sale in Canada before your department has authority over grains that may be used for seed?

Mr. STEVENSON: Yes.

Mr. HONEY: In other words, if this corn that Mr. Danforth is importing is to be used for seed, any one may import it and use it without any control by the Canadian government?

Mr. STEVENSON: This would only be in relation to that purchase. If this is pedigreed seed and he wants to go on and produce pedigreed seed, then it would be subject to field inspection in the year in which he applies for inspection. Then the control starts.

Mr. WILLIAMS: The only control, sir, on that, would be controls associated with plant health under our plant protection division. All imported seed, no matter where it comes from, is subject to the health requirements; but not to purity and things of this nature, trueness to type, or anything of that nature. If a Canadian citizen wishes to buy seed and bring it in, provided it meets the health regulations, he can bring it in.

Mr. HONEY: Then, Mr. Chairman, there would be no restriction on buying a new variety of seed in the United States, for example, and bringing it in and growing it in Canada?

The CHAIRMAN: By the individual, you mean?

Mr. HONEY: By the individual; without a sale occurring. Does this not circumvent the provisions of the Seeds Act with respect to licensing? You refer to it in the last sentence under this section, "No new crop varieties may be licensed under the Act before being offered for sale in Canada". In effect, this could be circumvented by importation.

Mr. WILLIAMS: No; because he cannot offer it for sale in Canada. The importer cannot offer it for sale in Canada after he has brought it in.

Mr. HONEY: But he can grow it.

Mr. WILLIAMS: That is right. He can grow it for his own use. Insofar as his own private operations are concerned this portion of the Act does not apply at all.

Mr. HONEY: Is there any legislation which covers it?

Mr. WILLIAMS: Not to my knowledge; I do not believe so.

*(Translation)*

Mr. GODIN: When we are dealing with clover or alfalfa imported from Italy, is the farmer warned or are there indications on the bags to indicate that these grains are not acclimatized to the Canadian climate?

*(English)*

Mr. STEVENSON: Yes. I cannot give you specifically the staining regulations which must be adhered to in relation to seeds coming from other countries, but there is a stain which has to be placed on a certain percentage of the seed. It runs from red to blue to green. Red is indicative of a seed which has a fairly poor chance of being able to propagate itself in this country.

Mr. SCHREYER: I was just curious. I heard Mr. Williams make mention of health regulations having to do with importation of seed by an individual. I was wondering under what act these regulations are found.

Mr. WILLIAMS: We will come to it a little later under the Plant Protection Division on page 7.

The CHAIRMAN: Any further questions on seeds?

• (11.30 a.m.)

Mr. McKINLEY: I have just one question. If a person bought what he thought was registered seed and it was commercial seed, what avenue of protection does he have under the Act? Can he take legal action against the seller? If it is proven that an agent sold grain that was commercial seed as registered seed, does the Government prosecute these people?

Mr. STEVENSON: This would show up in variety trials which we, of course, do on a spot basis. If there were suspicion by the person who bought it, it could quite easily be put into a variety trial and this is where it would be detected. I was going to say that this would be highly unlikely, but it could happen, yes. Some grower, I suppose could inadvertently seed registered grain when he thought he was seeding commercial. He could get them mixed up in the bins, or something.

Mr. McKINLEY: But if I went to buy registered seed and planted it, and I asked that it be put under test and field inspected and they found that it did not come up to standard and traced it back to the source of the seed, is there a legal avenue, or does the Government take action against the seller of this seed?

Mr. WILLIAMS: The buyer could have recourse to the civil courts. Whether the Government took action for contravention of the Act, would depend on a departmental decision and a Justice decision as to what success might attend such action.

We do on occasion take action under all of these Acts, particularly for repeat offenders. Generally, though, we investigate the case, bring it to the person's attention, put the material under detention and try to work with him to improve his position rather than take him to Court on the first offence, or perhaps even the second offence. A repeat offender we do take to court in all these acts.

The CHAIRMAN: The only recourse the purchaser would have would be through the civil courts?

Mr. WILLIAMS: Yes, that is right.

Mr. DANFORTH: Mr. Chairman, may I ask another question? Under the Seeds Act the department is authorized to prevent importation of unsuitable seeds.

Can you please indicate just what is meant by "unsuitable seed". Is it the disease factor, or is it pesticide, or could it be lack of germination? What does "prevent the importation of unsuitable seed" mean?

Mr. STEVENSON: I would think that what they are referring to in that section are varieties which would not be suitable for production here in Canada. Seeds offered for sale in this country would have to be labelled in accordance with the requirements of our Act, and if they do not meet those standards they could be refused entry.

Mr. DANFORTH: Am I to understand from that, to use an exaggerated example, that if a seed company imports soybeans in quantity, the department



is well aware that the climatic factors here prohibit the growth and development of such a seed, and then the department has the right to go to that seed company and prevent its sale? In other words, it is a direct protection for the Canadian grower under this.

Mr. STEVENSON: It would be useless for the grower to sow it.

Mr. DANFORTH: To carry that on: Does that apply on the same basis as the Canadian sale which you spoke of before? If I go over to the United States and buy the same seed and bring it in, the onus is entirely on my shoulders then, and it does not come under the control of the department.

Mr. STEVENSON: That is correct.

The CHAIRMAN: We will now move on to Pest Control Products Act, the Feeding Stuffs Act, and Fertilizers Act. It is on page 6.

Are there any questions concerning this?

Mr. CROSSMAN: It says, under "lime assistance" that "the federal government reimburses the provinces for 60 per cent of their expenditures up to a maximum provincial entitlement—"

Mr. HERRIDGE: That is the question I wanted to ask.

The CHAIRMAN: Pardon me, Mr. Crossman. We are still dealing with Pest Control Products Act, Feeding Stuffs Act and the Fertilizers Act. If there are no questions I would like that clarified now so that we could move on to the Hay and Straw Inspection Act.

Mr. DANFORTH: Mr. Chairman, may I pose some questions based on the Pest Control Products Act, the Feeding Stuffs Act and the Fertilizers Act? I can understand they are grouped together because of the fact they are all chemicals, in the main.

Is it under this department that application must be made for a new chemical to be imported into this country to be used as crop protection?

Mr. WILLIAMS: Yes. Once again, the situation is very similar to the one we described in respect of the feeds. If you, as a user, wish to import something you can import. If it is coming in for sale, it is controlled by this act.

Mr. DANFORTH: It seems to me there must be a further safeguard other than this. It must come under a sale. Is there perhaps some other act which would prevent me from indiscriminately buying a chemical and bringing it in and using it for pest control, or any other measure, because of the alarming prevalence of the residual effect of some of these chemicals in the seed, in the feed, in the production of meat, in the production of dairy products? Is there some other protection?

Mr. WILLIAMS: Yes; under the Food and Drug Act.

Mr. DANFORTH: In other words, if I want to import chemical "X" from the United States for the control of a definite weed, say, in a production crop, am I to understand there must be some licence to import that or a permit to import that? What is to prevent me just buying this chemical, bringing it in and using it, when there is this danger factor. You say that there is the Food and Drug Act and I can appreciate that. But how is it controlled?

Mr. WILLIAMS: The control is in the ultimate product. You would not be allowed to place on the market, any of the products that were contaminated, or on which this particular chemical had been used.

Mr. DANFORTH: How would they have this knowledge? This is quite complicated.

Mr. WILLIAMS: When a product is brought in, of the nature to which you are referring, Mr. Danforth, there is notification sent by Customs to the plant products division of the importation of this chemical.

Mr. JORGENSEN: Is there not also a further control exercised by the provincial governments. I know in the case of Manitoba, they have banned the use of dieldrin.

Mr. WILLIAMS: There are certain aspects of it in that respect, yes. Certain provinces do take action.

Mr. JORGENSEN: Have many provinces taken that kind of action?

Mr. WILLIAMS: They have taken that, or similar, action. When I say "similar action", certain provinces, for example, require the vendors of pesticides to be licensed and to attend certain courses.

You have to make them knowledgeable in this area, and I believe one province, and possibly two, have legislation which says that a qualified person who has attended one of these courses must be on hand when any sale is made, in order to advise users.

There is different legislation in different places, all aimed at this one object.

Mr. DANFORTH: Mr. Chairman, I know that various members receive from time to time letters of protest from farmers who state that when they attempt to import a certain chemical to be used either as a fertilizer, or for weeds or pest control, they get the answer that such a product has not been tested or licensed in Canada, and, therefore, they cannot import it. How could this be brought about?

Mr. WILLIAMS: To the best of my knowledge, I would say that they would have to be bringing this in—and we hear this, too—largely from custom operators. We consider that a custom operator is, in fact, vending the pesticide, and therefore he comes under the Act, even though he does not put out a bill of sale for the particular pesticide.

Mr. DANFORTH: The fact does remain that I, as an individual, can go over to the United States and buy any chemical of this nature and apply it to my own crops, and, to your knowledge, there is no law, or regulation, or specification, which prohibits me from doing this?

Mr. WILLIAMS: Not in the Department of Agriculture. They do not prohibit you from bringing in any chemical that you might wish and apply it to your crops.

If there is a public health hazard the Food and Drug people come into it immediately.

Mr. DANFORTH: Yes, I can see that; but it seems to me that it leaves a large danger zone here which perhaps should be looked into further. With the tremendous and almost indiscriminate use of chemicals and the fact that some farmers still adhere to the policy that "one pound is good, but two pounds is better", I can foresee quite a danger zone.

The CHAIRMAN: I think, though, Mr. Danforth, that what Mr. Williams and others have said—and I think you are aware of this, too—is that any commercial spray, or custom spray, has to have a licence in Ontario, and these people have to pass tests if they are going to spray crops for human consumption; and they are pretty rigid. I had some in my area who thought they knew everything about spraying, but they did not pass the test and they had to try it over again; I do not know how successful they were the second time. I would think this is what you meant, Mr. Danforth.

Mr. DANFORTH: May I pursue this a little further? I have one more question on this: I have the assurance, then, from Mr. Williams that in the case of farmers who deal with Canadian firms, or American firms established in this country, we do have this measure of control as far as chemicals are concerned, because of the fact that the sale is in Canada?

Mr. WILLIAMS: That is correct. That is, they legally cannot sell anything but a registered product.

Mr. DANFORTH: This has to do with these chemicals. Now, you speak of a registered chemical. Am I to understand from that that a registered chemical—either fertilizer or anything else—as you refer to it in Canada, is a product that has been subjected to departmental tests and found to live up to the specifications.

Mr. WILLIAMS: It has either been subjected to departmental tests, or the manufacturer has submitted evidence which has been scrutinized by the department and has satisfied the departmental officials that it will meet the conditions of licensing which cover efficacy, safety and factors of this nature.

I must make this clear: It has not always been subjected to a departmental test. We place the onus back on the manufacturers to provide evidence, and this evidence is very carefully screened by people; not only from our department but from Food and Drugs, the toxicology people and by the research branch as well as the production and marketing branch. This evidence is screened before any licences are issued.

Mr. DANFORTH: I am thinking of fertilizers in this respect. Are these products from time to time subjected to spot tests, the same as in the question of seed. To be specific, what I am thinking of is that most fertilizers are sold on an analysis basis and the analysis is tagged very prominently on every container. Does the department make tests from time to time to see that this analysis is, indeed, as placed on the container?



Mr. WILLIAMS: We have a complete testing program, and we follow the same procedure that we do for seeds, where we work with people where there is a problem in fertilizers and tolerance has to be allowed because of their mixing procedures. But if the tolerance is exceeded we take the product off the market, work with them, and, if necessary, prosecute.

Mr. DANFORTH: This question arises out of your answer. You speak of a tolerance. Would there ever be a situation, or an incident, where a company would be penalized for increasing the specifications in a fertilizer rather than decreasing the component parts? In other words, let us take an ordinary common analysis like 5-20-20. Supposing the tolerance is one per cent, which would be above or below, say, 6-21-21, would there be a penalty if they exceeded the tolerance with, say, 6-25-21? I can understand the farmer being very concerned if it were 6-15-21, but I am wondering about the other way.

Mr. WILLIAMS: I am afraid I cannot quote you any cases where it has happened.

Mr. DANFORTH: I am sure the commercial companies are watching that very carefully.

Mr. WILLIAMS: Our records would indicate—and I think Mr. Stevenson will bear me out on this—that, in general, the analysis is slightly above the guarantee. They try to play it safe so that if it is 5-20-20, it will be 5.2, 20.4 and 20.6 or something of this nature.

Mr. DANFORTH: Mr. Chairman, can I have some indication—I am sure it is of interest to all the users—of what the tolerance might be? I can imagine it would be a very small percentage in the case of fertilizer, but I just wondered if, offhand, you might have this information.

Mr. STEVENSON: I do not have them with me. Mr. Danforth. These are not tolerances established by regulation. They are administrative tolerances, as Mr. Williams stated before, which are placed on there for the purpose of taking care of sampling errors and laboratory errors and interference and things like this. They are step tolerances at the present time, as, say, from zero to 8 per cent for nitrogen, I think the tolerance is .3; and then you switch over to phosphorus and you go from zero up to, I think it is 12, and I think the tolerance there is .8. Therefore it is a similar type of thing.

Mr. WILLIAMS: It is what has scientifically been computed as necessary to cover inherent errors in sampling techniques, chemical analysis and things of this nature.

Mr. HERRIDGE: Mr. Chairman, I might say, in that respect, that I have followed this question of fertilizers quite closely throughout the years, because I have done orchard work and this sort of thing and we purchase various kinds of fertilizers. I have discussed this matter with the officials of the Consolidated Mining and Smelting Company and I think what the witness has said is absolutely correct. In order to make certain of any variations in processes, as a matter of fact, their tolerance in many cases is above that indicated by the witness.

The CHAIRMAN: Are there any further questions?

I think we will have to adjourn the meeting now. I thought we would finish this one, but we will continue tomorrow morning.

Mr. DANFORTH: I have further questions.

The CHAIRMAN: There will be further questioning tomorrow. We will continue from where we left off and try to finish this.

I am sorry that we have brought the other officials here, but we never know how fast or how slow we are going to go.

Thank you for your attendance.

OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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PROCEEDINGS

No. 12

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Respecting

Estimates (1966-67) of the Department of Agriculture

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FRIDAY, JUNE 3, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing), and Chairman, Agricultural Stabilization Board; Mr. C. L. Stevenson, Chief, Feed, Fertilizer and Pesticides Section, Plant Products Division; Mr. R. Hughton, Head, Pesticides Section, Plant Products Division, Mr. J. C. Moffatt, Director of Administration, Production and Marketing.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966



STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Grills,	Mr. Nowlan,
Wolfe),	Mr. Herridge,	Mr. Olson,
Mr. Beer,	Mr. Honey,	Mr. Peters,
Mr. Berger,	Mr. Hopkins,	Mr. Pugh,
Mr. Choquette,	Mr. Horner ( <i>Acadia</i> ),	Mr. Rapp,
Mr. Clermont,	Mr. Johnston,	Mr. Ricard,
Mr. Comtois,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Crossman,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Danforth,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stafford,
Mr. Éthier,	Mr. Madill,	Mr. Stefanson,
Mr. Faulkner,	Mr. Matte,	Mr. Tucker,
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Gendron,	Mr. Neveu,	<i>guay-Huntingdon-</i>
Mr. Godin,	Mr. Noble,	<i>Laprairie</i> ),
		Mr. Yanakis—(45).

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## ORDER OF REFERENCE

THURSDAY, June 2, 1966.

*Ordered*,—That the Annual and Supplementary Reports of the Canadian Wheat board for the crop years (1) 1962-63, tabled March 4, 1964, and April 15, 1964 (2) 1963-64, tabled April 27, 1965 and May 25, 1965 (3) 1964-65 tabled April 27, 1966 and May 31, 1966 be referred to the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House.*





## MINUTES OF PROCEEDINGS

FRIDAY, June 3, 1966.

(13)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.45 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Beer, Clermont, Crossman, Danforth, Ethier, Gauthier, Godin, Herridge, Honey, Jorgenson, Lefebvre, Matte, Neveu, Nowlan, Peters, Pugh, Rapp, Tucker, Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan (20).

*Also present:* Messrs. Winkler and Patterson.

*In attendance: From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing), and Chairman, Agricultural Stabilization Board; Mr. C. L. Stevenson, Chief, Feed, Fertilizer and Pesticides Section, Plant Products Division; Mr. R. Hughton, Head, Pesticides Section, Plant Products Division; Mr. J. C. Moffatt, Director of Administration, Production and Marketing; Mr. J. S. Parker, Director General, Departmental Administration.

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

Mr. Williams of the Department of Agriculture answered Mr. Jorgenson's question on substandard Manitou wheat, a point he had raised on Thursday, June 2, 1966.

The Committee then continued the questioning of the witnesses.

The Chairman informed the Committee that 250 printed copies of the French Minutes of Proceedings and Evidence was not meeting the demand for them.

On motion of Mr. Crossman, seconded by Mr. Neveu,

*Agreed,—*That the committee increase the printing of its Minutes and Proceedings and Evidence in French, from 250 to 350 copies.

The Chairman then read the Fourth Report of the Sub-committee on Agenda and Procedure as follows:

"Your Subcommittee met on Thursday, June 2, 1966, the Chairman, Mr. Whelan, presiding.

*Members present:* Messrs. Ethier, Danforth, Laverdière, Olson, Schreyer and Whelan (6).

Your Subcommittee recommends:

1. That the Canadian Wheat Board be called to appear before the Committee at 9.30 o'clock a.m. on Tuesday, June 7, 1966, and that the Committee sit in the afternoon and evening if necessary;

2. That the Canadian Wheat Board be recalled at a later date if the Committee's examination is not complete."

On motion of Mr. Clermont, seconded by Mr. Peters,

*Agreed*,—That the Fourth Report of the Subcommittee on Agenda and Procedure be adopted as read.

At 11.00 o'clock a.m., the Chairman adjourned the Committee to 9.30 o'clock a.m. Tuesday, June 7, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, June 3, 1966,

● (9.45 a.m.)

The CHAIRMAN: We will start the meeting. I know there are four more coming; they will be here in a minute.

We can deal with Mr. Jorgenson's problem right away, if it is agreeable. Mr. Jorgenson asked a question yesterday about Manitou wheat and the grades.

Mr. Williams and Mr. Stevenson inform me that they would like to give Mr. Jorgenson the answer at this time, if it is agreeable to the Committee.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister (Production and Marketing) and Chairman, Agricultural Stabilization Board*): Yesterday morning Mr. Jorgenson asked about the Manitou wheat and the standards in respect to germination. I regret that we were not quite up to date in regard to our own regulations on this matter.

Last year, the weather, as Mr. Jorgenson pointed out, was such in Manitoba that there was a lot of Manitou wheat harvested which did not meet the registered standards in respect of germination. This is a condition which has occurred previously, and in consequence there is a grade known as Canada registered substandard in which the purity requirements must be maintained but which allows germination to go down to 35 per cent. With the advent of the Manitou problem last year the regulations were revised to permit the use of Manitou wheat and other wheats, of course, that came in the same category irrespective of its germination. This was considered necessary in order that seed could be used because of a terrific shortage of the seed. There was a regulation put through that authorized the sale of the grade Canada registered substandard with no germination requirements but the requirement being altered to insisting that the germination be shown on the tag along with the date of the test.

The CHAIRMAN: Do you have any questions, Mr. Jorgenson?

Mr. JORGENSEN: It carried the same price as the top quality grade. There was no regulation about price. I can see where it would not affect other grades which were in large supply. It would not have any effect on such because farmers just would not purchase substandard grade because they could get sufficient quantities of the other varieties in order to carry on seeding operations.

But in the case of Manitou wheat because of the shortage of supply, farmers were being compelled to pay the same price as if this grain was top quality. This is the thing to which I am objecting. I think it is unfair to take advantage of farmers under circumstances like that. There should be some



regulation preventing people from taking advantage of farmers under circumstances such as this.

The CHAIRMAN: I should have intimated, first of all, who was here appearing on behalf of the department this morning. Mr. Williams, of course, to my immediate right; Mr. Stevenson who was here yesterday, Chief, Feed, Fertilizer and Pesticides Section, Plant Products Division; Mr. Hughton, Head, Pesticides Section, Plant Products Division; Mr. Moffatt, Director of Administration, Production and Marketing and Mr. Parker, Director General, Departmental Administration.

We will continue from where we left off yesterday on the Pest Control of Products Act. Are there any further questions concerning this?

Mr. DANFORTH: Mr. Chairman, under this Pest Control of Products Act, in view of the fact that there is so much active consideration of and delving into the residual effects of certain pesticides, may I enquire how much responsibility lies within the Department of Agriculture in determining the fact of whether there is a residual problem, and what principles or regulations that they are able to enforce in the matter of safety?

Mr. WILLIAMS: We have a responsibility here, so far as the Department of Agriculture is concerned, in the registration of the particular chemical that is to be used as a pesticide.

One of the conditions of registration is that the department, before registering, must ensure to its own satisfaction that if used in accordance with directions it will be safe. I think you gentlemen all realize that there have been very marked steps forward in the area of the chemical determination of pesticides and this is where many of the problems have arisen. Information has become available that was not available when some of these chemicals were originally registered.

The department works very closely in this respect with the Food and Drug Directorate of the Department of National Health and Welfare.

Mr. DANFORTH: Before we go on, Mr. Chairman, may I deal with the principles that we were discussing at previous meetings?

Is it possible, sir, for private individuals to import, and use pesticides from foreign countries without coming under the control of the Food and Drug or the Department of Agriculture?

Mr. WILLIAMS: As long as the importer uses it for his own purposes, does not sell the chemical, does not enter into trade with the chemical, then there is no prohibition under this act against its use.

Mr. DANFORTH: Am I correct, sir, in my understanding that any chemical used in regard to agricultural products on a commercial basis here in Canada must provide the necessary information, prove itself safe to the Department of Agriculture and be licensed before being offered for sale?

Mr. WILLIAMS: That is correct, yes.

Mr. DANFORTH: I pass, Mr. Chairman.

Mr. PUGH: May I ask a supplementary on that, Mr. Chairman? Mr. Danforth started out his remarks by asking where the responsibility lies within the federal government. There have been, over the years, a number of things

that have backfired in the pesticide trade. How far does the government feel responsible for the end result?

Mr. WILLIAMS: I am afraid I have to say, sir, that this is a matter of government policy to which I would not be in a position to reply at the present time.

Mr. PUGH: We have had one or two—I am thinking about the area around Grand Forks in British Columbia where the milk from three large dairy herds was banned, and the farmers, for one reason or another, are pretty well out of business at the present time. I know that certain steps were taken there but I am thinking about the future occurrences. You state that there is nothing laid down. It would be a matter of policy of the government at this time about what corrective measure to take, or what compensation they might wish to make?

Mr. WILLIAMS: That is correct, sir. There are no laws or regulations covering it at the present time.

The CHAIRMAN: Mr. Honey, is your question along the same line?

Mr. HONEY: Mine is supplemental to Mr. Danforth's.

The CHAIRMAN: Is your question on this subject, too, Mr. Herridge?

Mr. HERRIDGE: I am going to a Committee where I can get a question in!

The CHAIRMAN: I am sorry if you do not think I have been fair.

Mr. HONEY: My question is supplemental to Mr. Danforth's line of questioning. I have reference to the evidence yesterday, too, about the importation of new varieties of grain seed. The witnesses indicated that it was that this was sold, rather than the use by the importer.

This same principle appeared to apply, as you have said this morning in answer to Mr. Danforth's questioning, with respect to fertilizer and pesticides and so on. I was just wondering what was the reasoning behind this. Why does the government not assert its control at an earlier date, at the time of importation, rather than at the time of sale?

Mr. WILLIAMS: I suppose we are moving into the area of philosophy here rather than the area of regulation, but the basic premise was that there are varieties that people may wish to try themselves, and if these varieties should fail the person is the only one affected. However, if they do pass through a channel of sale in Canada, not only is the person who made the sale possibly affected but the person who purchased it as being, presumably, a valid product for sale within this country.

Mr. HONEY: With reference to fertilizers, pesticides and so on, would you not feel that you would have more control if, for example, your department felt that a particular pesticide could be harmful to the eventual product in that it might contaminate animals on his farm if this was used by a farmer—if this was your thought or belief, you have no controls to prevent this until the product is eventually offered on the market and then Food and Drug have controls. Would your department not have better control over these things if you could prevent the pesticide or fertilizer being used at the time it was brought in?

Mr. WILLIAMS: It is my understanding that we move here into an area of jurisdictional problems between the federal and provincial governments. Where

the use of chemicals have been prohibited in Canada it has been by action of the provincial government.

Mr. HONEY: Thank you.

The CHAIRMAN: Are there any further questions on this?

Mr. DANFORTH: Mr. Chairman, because of its importance, I would like to put on record, if I may, the actual mechanics, or the steps, required to use a new chemical.

I should like to cite, as an example, that there is a serious outbreak of insect infestation in a particularly localized area, and there is available in some foreign country, because of previous experience, a definite chemical that is thought to control this particular infestation.

I think, Mr. Chairman, you will appreciate that in an instance like this the action has to be very speedy.

If this particular area makes application to a commercial dispenser or retail outlet for chemicals and they can obtain this particular chemical—and I am well aware, from the evidence given, that there must be licensing and previous information—what steps can be taken, and how expeditiously can this matter be dealt with?

I know that in intensive farming areas this particular problem is constantly coming up and we are asked these questions. Is it possible for us to have this information at the present time?

Mr. WILLIAMS: Would you rather have that verbally or have a written report on it? We could do it either way as you wish, Mr. Danforth.

Mr. DANFORTH: It is immaterial to me. I thought, perhaps, verbally and it could be a part of the record and be readily available to everyone who might receive these publications.

The CHAIRMAN: Mr. Hughton will answer this.

Mr. R. HUGHTON (*Head, Pesticide Section, Plant Products Division, Department of Agriculture*): At the present time, sir, it is possible for an individual to import a pesticide provided he uses it himself and does not offer it for sale. If such a chemical is available in a foreign country, he is free to use it under these conditions. However, nobody can import it and sell it for such a purpose. An individual would be free to solve his own problem in this respect.

● (10.00 a.m.)

You were talking about groups of small farmers, perhaps?

Mr. DANFORTH: I am talking about going through the regular channels as outlined for a licence, if necessary.

Mr. HUGHTON: To import a new chemical it would mean that it would have to be scrutinized by our officers in the pesticide unit along with the consultants from the various other departments, who are concerned about the efficacy and the safety of a pesticide, which would include Food and Drug in so far as food products are concerned.

This procedure quite often is long and time-consuming because the research required to determine safety is often very costly and long term. It would



not be a very fast procedure if the product were to be registered as a saleable product for this country. These requirements are exempt if the individual is bringing it in for his own use only. Does that answer your question, sir?

Mr. DANFORTH: I can appreciate that, Mr. Chairman, but I am particularly interested in the time factor. If it is going to entail a tremendous amount of investigation and testing I can see how it would be time-consuming, so that it would be almost impossible for it to be applied to that particular trouble spot.

Is there no way that the department could justifiably use the estimation of the chemical product in the United States for example, if it is in common usage, so that we will not be confronted with the particular pest, or insect, because it has never been imported? Would this make a difference. Would the department be amenable to accepting the recommendations or classification, or description or estimation of the United States?

Mr. HUGHTON: Usually if a product is registered in the United States it means that there has been a considerable amount of research work done. However, this does not always mean that it is acceptable in the eyes of our Canadian consultants, by virtue of possibly different farming methods, different weather conditions and possibly aspects of use. Therefore, everything that is registered in the United States, if you want to use that example, may not be registerable here.

In some instances this may be true, but registration cannot be granted unless this has been thoroughly investigated and is acceptable; and this is not necessarily a fast procedure. It could, however, be depending on the circumstances and the data available.

Mr. WILLIAMS: I might add that there is one other avenue available to the department. Under the Destructive Insects and Pests Act, which is administered by the Plant Protection Division, should there be an outbreak of insect pests that are considered to be of national significance rather than a local significance, or of significance in so far as the farmer is concerned alone rather than the country as a whole, this division can institute a quarantine and eradication control program. In such cases, I would presume—I cannot answer definitely on this—it is entirely possible that extremely rapid action could be taken using any chemical that the department might wish to use, because they would then be the user. This would be a government-operated control program and we do have such control programs. We have one for gypsy moth, for example, where we do the actual eradication and spraying.

The CHAIRMAN: Are there any further questions on the Pest Control Products Act?

Mr. CROSSMAN: As you have said, Mr. Williams, any individual can import any form of chemical that he wishes and use it as long as he does not sell it. If he does do that and uses it, and you think that it is going to be detrimental to the crop when it is used for human consumption, is he allowed to market that crop without question?

Mr. WILLIAMS: No; we would not control that. The Food and Drug people would control that. We do not have specifications in respect of pesticide tolerance in food crops—and this is almost without exception. These are administered by the Food and Drug Directorate of the Department of National Health and Welfare.

Mr. DANFORTH: I wish to thank the witnesses for this explanation on pesticides. It is exactly the information I was seeking. I have a further question which deals with seeds entering Canada from a foreign country. In a previous meeting we dealt with the fact that an individual bringing them in had full responsibility but where they were sold in Canada they were under the direct control of the Department of Agriculture.

I recall, as a student, that one of the jobs I had was calling on seed companies in the United States, taking samples of their seed and putting them under germination tests. Into what category does this fall? Is this done by request of a foreign seed company to comply with Canadian standards when that seed company is offering seeds for sale in Canada?

Mr. C. L. STEVENSON (*Chief, Feed, Fertilizer and Pesticides Section, Plant Products Division, Department of Agriculture*): No. The foreign seed company would not be asked to comply with our standards. They would be advised before the shipment was made, if they contacted, say, the Plant Products Division. They would be advised that when the seed entered Canada it would be subject to the regulations of the Seeds Act. We would not tell them that they had to submit samples to see whether it would meet our minimum germinations or minimum purity, but they would be advised that once it entered Canada for sale then it would fall under the jurisdiction of the Seeds Act.

You were speaking of gathering samples, Mr. Danforth. Our inspectors are doing this in the spring of the year at the different seed plants around the country. They are checking on grades. These samples are submitted to our laboratories for checks on germination.

Mr. DANFORTH: I was doing this in the United States with United States seed companies.

Mr. STEVENSON: Pardon?

Mr. DANFORTH: This was being done in the various seed companies in the United States. I was wondering if this service is provided on the specific request of these companies in the United States.

Mr. STEVENSON: Not to my knowledge, Mr. Danforth, do I know of any of our inspectors going down to the States or to any foreign country on request to sample seed which was going to be shipped into this country.

Mr. BEER: May I ask Mr. Danforth who his employer was at that particular time.

Mr. DANFORTH: I am just trying to recall. It was done under complete management, and there was an entire team of about six students. This was our work. I am wondering if it was, perhaps, done by the provincial department of agriculture.

Mr. WILLIAMS: It is possible that it could have been some kind of investigational study rather than a regulatory or control measure. We do not provide this as a service.

Mr. DANFORTH: The tagging of the seed in regard to quality and germination and purity was done on the information that was returned from our tests.

Mr. WILLIAMS: Mr. Danforth, if I may interrupt you, this has nothing to do with the insecticides. Was this for pest control?

Mr. DANFORTH: It was under the Seeds Act.

The CHAIRMAN: We dealt with the Seeds Act yesterday, I thought.

Mr. DANFORTH: It just occurred to me, and I beg your indulgence, because I want this point cleared up. I have wondered if, under the jurisdiction of federal Department of Agriculture, a foreign seed company desirous of sending large quantities of seed into Canada, which would be distributed over a wide area, could utilize a concentrated inspection by requesting this? This was the purport of my question.

The CHAIRMAN: I would suggest Mr. Danforth, that you might draft a memorandum on just what you did and submit it to the officials here. They could probably make a...

Mr. DANFORTH: From the answers I have received, Mr. Chairman, I am quite satisfied that it was not under the federal jurisdiction.

Mr. PETERS: Could I ask a question?

The CHAIRMAN: Is this under the Pest Control Act?

Mr. PETERS: Obviously; I am always in order! It does not come under pest control, it is in the third one.

The CHAIRMAN: We would like to try to stay in the order in which they are so that we can just go down and finish them and we will not have to go back.

Are there any further questions on this one with which we are dealing?

Mr. PUGH: I have a general question. Are we keeping up with the control of pests in Canada? Perhaps I could put it just a little more broadly? There seems to be a general feeling among quite a number of people that there is far too much pesticide being used and that, regardless of how we get new pesticides out et cetera, the bugs are keeping up with the whole process. The question comes, are we in control of the situation at the present time, or is it getting out of hand?

Mr. WILLIAMS: I would think so. This is a judgment answer, as I am sure you all appreciate. I think I would have to say that, based on records in respect of crop yields, we are keeping ahead of the insects.

Mr. CROSSMAN: Mr. Chairman, do you find that the insects are becoming immune to the different drugs used?

Mr. WILLIAMS: This is one of the problems that we are confronted with at all times, and this is one of the major reasons why there are switches in insecticides from time to time. This is an accepted way of life at the present time.

I think I would have to say that in the insecticide world insects become resistant to a particular insecticide and then the insecticide that is recommended for the control of that particular insect must be switched.

The CHAIRMAN: Is it agreed that we go on to the Hay and Stray Inspection Act?

Mr. PETERS: I understood you were—

The CHAIRMAN: Yes; the Feeding Stuffs Act. I am sorry. Are there any questions concerning this?



(Translation)

The CHAIRMAN: Mr. Gauthier.

Mr. GAUTHIER: Relatively to lime—

(English)

The CHAIRMAN: No; we are coming to lime shortly. We would like to finish these three topics here, and we will be on lime afterwards.

Mr. PETERS: Sir, I have no questions on the Feeding Stuffs Act, but I would like to ask the department if they have given any consideration to having a warning placed on the labels on fertilizer about its explosive characteristics? Some kids I know went to a farmer who had a considerable amount of fertilizer stored in a driving shed and they explained to him the explosive value of this fertilizer and that it would pretty well eliminate his farm if it exploded. This was the first he knew that this could happen.

Under certain circumstances this is a fairly potent substance and I was wondering if you had ever labelled it as such.

The CHAIRMAN: Is this ammonium nitrate about which you are talking, Mr. Peters?

Mr. PETERS: No, the nitrogen—

Mr. WILLIAMS: This is likely ammonium nitrate, I would think, to which you are referring.

● (10.15 a.m.)

No; actually we have not given any consideration, under the Fertilizers Act to requiring this. Frankly, I had not realized, or heard anyone express, that it was this explosive.

Mr. PETERS: At times it is. I know it is 10 per cent. This is about, or very close to, what they are using in some of the mines for their explosives. I am not familiar with what it takes to detonate; I suppose 90 pounds percussion could set off a carload of farm fertilizer and blow a city completely off the map. Perhaps shocks or sparks could detonate this. I was just wondering if you have given any consideration to this. There is no point in waiting until it does blow up.

The CHAIRMAN: Are you referring to the fact that the bags are not properly marked?

Mr. PETERS: I was just wondering if there is any literature available on the potency of these fertilizers? Is there any indication that there are certain things against which protection should be taken? For instance, lightening, I would imagine, would explode it; I would also think that certain types of electrical situations would also explode it.

Mr. STEVENSON: I certainly have never had this brought to our attention, as being a necessary requirement to go on fertilizer bags.

Mr. DANFORTH: There is an indication on these bags where nitrogen is a component part. There is a warning not to store near heat or other sources of energy.

Mr. WILLIAMS: This comes under the Department of Transport, I understand. We do not do this under the Fertilizers Act.

The CHAIRMAN: It is commonly used. We have used it on my farm. By soaking it in diesel fuel, or a fuel oil, and by putting it in a burlap bag with a detonator cap, you have a cheap form of dynamite. The quarries in my home hardly use any dynamite at all any more; it is practically all ammonium nitrate that they use to do their blasting. It does a better job. It does not do so much damage as far as shaking up homes is concerned and it does a better job of breaking up the stones for them.

Most of the crops in that area are dusted with ammonium nitrate, but the bags that I have seen and I have used different kinds—are plainly marked with warning signs that it is an explosive, that it should not be dropped, that it should not be stored near heat, and that there should be no smoking around it. Some of the companies have a different type of sign, warning you on this.

Mr. PETERS: These kids scared the pants off this farmer, because of the fact that they were connected more with the mining industry and were aware of the explosive potential. The farmer had never heard of this and did not know if he should move it outside and pile it in sacks, and they said it would not make any difference, that if it was going to explode it would not matter where he stored it.

I was just wondering if there was a requirement in this regard, and if the Department of Transport requires it, then that is sufficient.

Speaking of something else, CIL put out a product once before with which I had some experience. An accident happened. The company was unaware of the potential and the user was unaware of the potential although the workmen in the mine knew this would happen. It was with this igniting material; we used to light cigarettes by the flick of the back of an axe. The company did not know that it would ignite itself this way.

The CHAIRMAN: It is not nearly as dangerous as dynamite. I know this because this why many of the quarries and mines have switched to it. It can be handled with much greater ease. There is not the danger that there is when using dynamite.

When we visited the nickel mines in Sudbury two years ago they told us that they used a great deal of this type of fertilizer as an explosive.

Mr. PETERS: I just wondered if it had come to the attention of the department, because they may not have known.

The CHAIRMAN: You will remember the big blast in some city in Texas where a boat load of this type of material destroyed half the city.

Are there any further questions? We are still on fertilizers.

Mr. DANFORTH: May I ask just a general question on fertilizers, Mr. Chairman? Is it fair to ask of the witnesses here today whether, in their opinion, they are well able to have complete jurisdiction over these chemicals and fertilizers under the present regulations as set out? Are there some fields of this, perhaps, that should be looked into, or investigated?

It is an important field and of major importance to farmers and to the population using the seed. Very often acts and regulations that are set up, because of the evolution of agriculture, do fall behind and need revision from time to time. I am well ware that the witnesses cannot delve into the field of

policy, but I think it is of general interest to the Committee to know if the feeling of the witnesses is that the scope of the present legislation is wide enough.

Mr. STEVENSON: Yes. I would say it is, Mr. Danforth, from the standpoint that the Fertilizers Act and the Feeds Act have both been revised within the last five or six years.

Both the acts are very broad in scope, setting down the principles by which you make regulations. Of course, the regulations can then be added to changed to suit the situations which arise in fairly quick order in order that you can control any situation that does come up. In fact, it is only a matter of days if something has to be done.

The CHAIRMAN: Are there any further questions on the Fertilizer Act?

Mr. PETERS: Is the potency marked? For instance, is it labelled 6 to 10 or something like this? Is there a lifetime, or a limit of the potency of those numbers?

Mr. STEVENSON: You mean in relation to the keeping qualities of the fertilizer? With fertilizers there is certainly no indication that there is a loss; and, in fact, there is indication in the literature that the fertilizer will improve up to a certain point. I suppose, like anything else, there is a point of deterioration, and I do not know how long it would take to reach this point, but it is quite some time. We have run into this with shelf goods that are put out, where they have been out for quite some time, and there is no deterioration.

The CHAIRMAN: Are there any further questions?

Mr. PETERS: I should like to ask what consideration has been given by the department to combining fertilizers and the lime assistance program? Should we discuss it under the lime program or would it come under fertilizers?

The CHAIRMAN: It could be discussed under either one. It might be better if you waited until the lime assistance program came up because I believe several other members have indicated that they want to ask questions on this program. I think Mr. Herridge wanted to ask one.

Mr. Beer, is yours on the Fertilizers Act?

Mr. BEER: Yes. With regard to Mr. Peters' question—which I thought was an excellent one—I am wondering whether, as a result of the discussion sufficient note has been made of this: that fertilizer of explosive character would be so labelled in the future? I wonder whether we have carried this discussion far enough to have arrived at a conclusion. Do I assume this has been done, or not?

Mr. STEVENSON: I have made a note of it, Mr. Beer.

I suppose the reason that it has never come up in committee with the fertilizer people before is that there is such a requirement by the Department of Transport for this labelling to be on the bags. Perhaps it is not on all of the bags. Was this your point, Mr. Peters?

Mr. PETERS: I thought it should be. This is not to scare people, but—

The CHAIRMAN: Speaking from my own experience in using several different brands, I do not ever remember seeing one bag which did not have it in quite plain language that this was dangerous and explosive.



Mr. STEVENSON: I have made a note of it anyhow, and we will check it.

The CHAIRMAN: All right; we will move on to the Hay and Straw Inspection Act.

Are there any questions on this act?

(Translation)

Mr. CLERMONT: Mr. Chairman, does anybody determine the norms and classifications used by the inspection and grading service? You added in your notes that it would be very little used when hay and straw are being sold. Are the services not being used? Is there any provincial jurisdiction in this field, or is straw sold without classification, without category or grade? Are the grades not mandatory according to statute?

(English)

Mr. STEVENSON: No. There is no legislation that requires hay to be inspected. Our Hay and Straw Inspection Act provides that hay can be inspected, upon request by the seller. There is nothing provincially either that I know of in any province.

(Translation)

Mr. CLERMONT: When farmers buy straw or hay, then there is no question of grade or quality in the purchase?

(English)

Mr. STEVENSON: This is right. One farmer can buy from another farmer, or he can buy from a dealer. In other words, he can buy hay. There is no requirement.

(Translation)

Mr. CLERMONT: I understand, of course, when he is buying from a neighbour, but when he is buying from official salesmen there is no question of quality, he just buys a ton of hay, period.

(English)

Mr. STEVENSON: Anybody can buy hay and tell the seller that he will not buy it unless it is graded, and the seller can then apply to the department for a grade for it.

(Translation)

Mr. CLERMONT: Yes, but when you have a situation as in the fall of 1964 and the summer of 1965, often in that case a farmer does not have much choice.

(English)

Mr. WILLIAMS: That is very correct; but under the present legislation it is not required. If it was a sale within a province I do not believe that the Federal Government would have authority to require it.

(Translation)

Mr. CLERMONT: Do you know of such legislation existing on the provincial level?

(English)

Mr. WILLIAMS: I cannot answer this categorically, but my understanding is that there are no provincial regulations anywhere that require hay sold within the province to be graded.

(Translation)

Mr. CLERMONT: In 1965, I personally heard a great many farmers say that the hay they bought was not too satisfactory, so there is no obligation for the seller to give the quality of the grade.

(English)

Mr. WILLIAMS: As I said, this would not be a federal matter unless it crossed a provincial boundary.

The CHAIRMAN: When the government has an aid program, say, for a drought area and it does cross the provincial boundary, does the joint program between the federal and provincial governments require that the hay be inspected?

Mr. WILLIAMS: To date, no.

Mr. JORGENSEN: Mr. Chairman, who administers this Act? Do you have in the department a group whose responsibility is the administration of this Act, or do you utilize people who are occupied in other positions?

Mr. WILLIAMS: Both, Mr. Jorgenson, depending upon demand. Across the country we have officers of the Plant Products Division responsible through district supervisors, and there are some of our regular employees who are trained and capable of grading hay and straw.

In addition to that we have seasonal people whom we take on if the requirement is there.

Mr. JORGENSEN: How often has this Act been used?

Mr. WILLIAMS: It is used every year to a greater or lesser extent. It is used very largely in the province of Quebec for exporting.

The CHAIRMAN: Are there any further questions concerning this?

Mr. PETERS: Is there not a requirement that if a farmer sells hay primarily for horses it must be of a certain type, and if he sells it for cattle it must have a certain clover content?

Mr. WILLIAMS: No, there is no requirement in respect to this.

Mr. PETERS: It can be rejected. Is this on a private sale basis? I remember that for a number of years my father was the markets promoter for northern Ontario. At that time he used to buy a lot of hay from farmers for lumber companies. If it did not meet certain standards the lumber companies would reject the car which he may have shipped. I know that Abitibi was one that used to reject the shipment if there was clover in the hay. He was also shipping to dairies, and they would reject the hay if it did not have a certain clover content.

Mr. WILLIAMS: This would be a buyer's specification.

The CHAIRMAN: Are there any further questions on the Hay and Straw Inspection Act? If not, we will move on to Inspection and Sale Act.

Are there any questions concerning this act?

Mr. DANFORTH: Mr. Chairman, this Inspection and Sale Act deals specifically and only with binder twine. Was this set up primarily for this one specific purpose?

Mr. STEVENSON: This is probably the reason it was set up in the first place. Fiber flax was brought in under this Act as well as a later date, but in the last few years fiber flax has been practically non-existent and binder twine is the only product which we are covering under the Inspection and Sale Act at the present time.

Mr. DANFORTH: Why was it necessary to set up a separate Act to deal with one specific product? Does it not fall under any other category, or is this Act set up in such a way that other products can come under it?

Mr. STEVENSON: Perhaps there could be other products which could come under the Inspection and Sale Act. It is written in a very general way, and with provision to make regulations to control certain things. This, I suppose, is the reason that fiber flax at a later date was brought in under this specific act.

Mr. DANFORTH: At various times, Mr. Chairman, there are commodities, or requests to import commodities, from foreign countries for specific agricultural purposes which may be limited in nature. What are the mechanics if an importer wishes to be safeguarded? Is it a matter of just making application to the department and if the department feels it is justified it can be handled in this way, or does it require a legislative approach?

Mr. STEVENSON: You are thinking of commodities here, I presume, Mr. Danforth, that do not fall under other acts that we have at the present time.

Mr. WILLIAMS: That is a rather difficult question to answer, Mr. Danforth. If it is a commodity which at present is not covered by any legislation, there are no requirements. The tariff applies, and that is all.

Mr. DANFORTH: I can well understand that, and I know that the question is rather general in nature. I am looking at it from the point of view of an importer who wishes to have protection as regards the quality and the continuity of the product as it is imported. In other words, if an importer who is importing this for specific purposes wishes to be protected as far as his sales are concerned, can he make a request to the department that this particular quality be under the inspection service?

Mr. WILLIAMS: He certainly could make a request. We would have to consider, I presume, whether it would be possible under the legislation that we presently administer. We are talking about a hypothetical case entirely here. We are not talking about any particular commodity.

Mr. DANFORTH: It is the mechanics of the thing in which I am interested.

Mr. WILLIAMS: A request would have to be made to the department for the establishment of grades, if it was a product that was not graded. We would have to see whether we did have legislation that covered it under the Canada Agricultural Products Standards Act. It is entirely possible that grades might be established by regulation, in which case the department would consider it and reach a decision whether grades are necessary, workable and useable.



If they were, the department would apply for Order in Council authority to establish the regulations necessary to permit of the grades and would provide the service.

I think you will appreciate that there would be a policy decision here about whether or not the inspection or the grades were necessary and workable.

Mr. DANFORTH: What I had in mind, Mr. Chairman, was the fact that this deals specifically with binder twine, but there are various other types of binders of different fabrics and some of a synthetic nature that are used in agriculture for tying and training and various uses, especially in vegetables for forcing. This is what I had in mind, supposing there was a new plastic developed that could be utilized instead of binder twine but the grower would not want to use it because it would not stand the rigours of the particular application. I was wondering, if this was developed, if this would be the section where applications might be made.

Mr. WILLIAMS: If it was that type of material it could come under this act. I cannot say, easily, but it could come under this act, I believe.

Mr. DANFORTH: This is what I had in mind.

Mr. PETERS: Mr. Chairman, does that include rope?

Mr. WILLIAMS: Not at the present time; at the present time the regulations under this Act cover two things only, fiber flax and binder twine.

Mr. PETERS: Could I ask what act covers rope? I know that it is not very much of a farm commodity any more; but at one time it was a fairly important one for haying and in some other fields. Obviously, it very closely resembles binder twine.

Mr. STEVENSON: Weights and Measures would have a requirement here in relation to the length per pound, in relation to the weight of the material that the farmer was buying, so that he would have some idea that he was getting the number of feet per pound for which he was paying; because most of this material is sold on a per pound basis or a ball basis which is actually related to "per pound".

Mr. PETERS: Would that also include the tonnage it would support?

Mr. STEVENSON: The tensile strength would not be a requirement of Weight and Measures. It would be simply a weight.

Mr. PETERS: Why did this not come under that Act; because it would be the same thing? What particular problem developed that warranted the establishment of this particular Act?

Mr. WILLIAMS: This is a rather old act. I cannot tell you when it was established. It was established when binders were extremely important throughout the country. Apparently there was a good deal of inferior binder twine being marketed that had various defects, that did not come up to standards and grades were established for it to meet a particular problem. One must only presume that the same problem has not arisen in respect of ropes—to date, at least.

Mr. PETERS: Mr. Chairman, I would suggest that this is a good example of where the department should give us a recommendation that would allow us to put this back into another category and get rid of this Act.

Mr. WILLIAMS: Would you suggest, Mr. Peters, that it be brought up to date, and that probably, as Mr. Danforth suggested, bailer twine and plastic twine which is becoming so prominent in greenhouse operations for tying up plants because of its disease-resistance—that all these be studied and may be put into one act?

Mr. PETERS: I think that the department should be prepared to consider either adding some other things to this act or making a recommendation that this come under another department which may look after rope strength and rope uniformity. As I see it either we should use this and extend it to other foolish to leave this kind of an Act sitting around for one specific purpose when obviously there are other departments closely allied to it, unless we are going to agricultural products, or we should maybe put it under something else. It seems put something else in it and there may be a number of things we could bring into that act.

I am not prepared to make a recommendation, but I think that we should have some information on whether or not we should—

The CHAIRMAN: The officials will take note of this and make any recommendations to the Committee that they feel are necessary.

Are there any further questions on this Act? If not we will move on to the Lime Assistance Program. Mr. Gauthier had a question concerning this.

(Translation)

Mr. GAUTHIER: With regards to lime assistance, it is because lime assistance is a joint program with the Provinces. It says that the Federal Government will re-imburse the provinces 60% of their expenditures in this regard. The maximum is established for each Province. I would like to know either from Mr. Williams, or from someone else, who determines the maximum amount?

(English)

Mr. WILLIAMS: The maximum amount was determined by a formula that has been unchanged since the determination was made. It was made in 1962.

At that time the decision was that there would be a limitation on the amount expended by the federal government under this program, and the maximum for each province was set at the average paid for the previous four years. In other words, over the four years previous to 1962, an average of the federal contribution was struck for each province, and the decision was reached that this would be the maximum for each province; and this maximum is still in effect.

(Translation)

Mr. GAUTHIER: Since it is the Provinces which administer completely the lime aspect of it, does the Federal Government, in view of the fact that it contributes to a degree of 60%, intervene in some particular cases on behalf of either an individual or a group who do not have justice for some reason or another. Could the Federal Government intervene in your opinion?

(English)

Mr. WILLIAMS: Under the terms of the agreement with the province I would think that any intervention that the federal government might wish to

undertake in this area would be in the nature of discussing it with the province rather than ruling on it.

I do not believe that under the terms of the agreement the federal government could make a ruling because the agreement is that the province would administer the program.

Mr. PETERS: Could you give us the figures for the assistance to the three areas.

Mr. WILLIAMS: The estimated payments for 1965-1966—would that be a reasonable figure? For Newfoundland, \$15,200; Prince Edward Island, \$65,800; Nova Scotia \$109,500; New Brunswick, \$90,000; Quebec, \$1,205,000; Ontario, \$42,500; British Columbia, \$60,900.

Mr. PETERS: In relation to these figures, you used the base as 1962.

Mr. WILLIAMS: The four years previous to 1962.

● (10.45 a.m.)

Mr. PETERS: The four years previous to 1962; but you made it a statement at that time about what you would pay. I presume some of the provinces were not really taking advantage of the lime assistance program to any great extent in those four years previous to 1962? In fact, this program pretty nearly went out of existence, and then all of a sudden it received a shot in the arm, for some reason or other, and became an active program. This is not what we would consider a maximum program; that is, the use of agricultural lime is increasing each year rather than having reached a maximum, or even an expected maximum, by 1962.

Mr. WILLIAMS: I think that possibly the best way I could answer your question would be to say that I think there are only three provinces where the maximum represents any limitation at the present time.

Mr. PETERS: Ontario is one of them?

Mr. WILLIAMS: No, Ontario is not one of them. Quebec is the major one. P.E.I. and New Brunswick are the other two. This varies a little bit from year to year but, in general, these are the three provinces where it may represent a limitation. The other provinces, in general, are not at their maximum. Their claims do not equal the maximum entitlement, in general.

(Translation)

Mr. CLERMONT: Mr. Williams, you say then for the province of Quebec 1,200,000; is that the maximum?

(English)

Mr. WILLIAMS: Yes, that is correct. That is the maximum federal contribution.

The CHAIRMAN: Mr. Peters, have you any more questions?

Mr. PETERS: I would like to ask some allied questions.

As I understand it, the reason for putting this type of a program into effect was the overall agricultural potential that was provided by the application of agricultural lime. This is a fairly long term advantage; if you put lime on farm this year there will be effects from that for many years because it is not



readily soluble and, therefore, it remains in the soil in an active form for a number of years. For this reason the government felt that this was of national advantage, I presume, in applying agricultural lime.

In relation to fertilizer; where this has become an increasingly necessary factor in maintaining the land value at a productive level, is any consideration being given to a freight subsidy on agricultural fertilizer as well?

Mr. WILLIAMS: At the present time, to the best of my knowledge, the federal government is not giving any consideration to this, but different provinces do have fertilizer-assistance programs. Because of the argument that you have advanced, Mr. Peters, in respect of the relative permanent nature of lime improvement, it is considered to be an assistance in conserving a natural resource, I guess, rather than the use of fertilizer which is considered to be a production input for a particular year, or two years. The provinces in general have themselves assumed responsibility for assistance toward fertilizer purchase and transportation rather than involving the federal government in it.

Mr. PETERS: Do you not agree that some of the commodities in agricultural fertilizer are of a similar nature? Unfortunately, I am not too familiar with the composition of fertilizer and the characteristics of the component parts, but let us take potash, for instance, which is in some commercial fertilizers; it would also have a lasting effect. In other words, fertility of the soil is part of the reason for the use of agricultural fertilizer but there is also a maintenance factor in fertilizer in the form of some commodities that last over a period of years, as well.

You add nitrogen and nitrogen is used up by the plants and it is gone. But there are other components which are in agricultural fertilizer which are not in that category but really balance the soil itself, so that there is an increase almost permanently in the productivity of the soil.

Mr. WILLIAMS: I think that is very true, Mr. Peters, to a greater or lesser extent, depending upon the type of fertilizer and depending upon various other factors. People can order a lime-based fertilizer if they wish to do this, depending upon their soil analysis and soil tests of their own knowledge of their own land. This would vary greatly from fertilizer to fertilizer.

Mr. PETERS: In your opinion there is no justification in bringing fertilizer under the same act in relation to the joint freight assistance that applies to lime?

Mr. WILLIAMS: This is not covered by an act to start with; this is a vote of Parliament. I think that the factors that influenced the decision to participate in lime assistance, do not apply to the same extent in respect of fertilizers.

The CHAIRMAN: Are there any further questions concerning the lime assistance program?

Mr. JORGENSEN: How is this program administered? Who is eligible for assistance? I am not just quite clear how this thing works. I know, as you say, that the provincial governments are reimbursed to a certain extent for the amounts of lime they use. How does the farmer receive the benefit?

Mr. WILLIAMS: It varies from province to province. In general, I would say, that it takes the form of subsidized transportation. A province will agree that lime is such-and-such a price irrespective of where the farmer may be. In some provinces there is also subsidization to the quarries involved in order to reduce the price again.

In general it takes the form that the province sets a flat price for lime delivered to a siding somewhere and, irrespective of where the farmer is, this price applies. Now, this is not quite true. They vary from province to province. The terms and conditions are jointly approved before the programs are instituted.

Mr. JORGENSEN: There has been a certain amount of misuse of lime in the province of Quebec in the past few years. I would hate to think that the Canadian taxpayer was subsidizing lime for that purpose.

Mr. CLERMONT: What did the previous speaker mean by "misuse" in Quebec.

The CHAIRMAN: Mr. Jorgenson, would you care to clarify what you meant by "misuse". Mr. Clermont wants to know what that meant. Did you mean using it for purposes other than agricultural?

Mr. JORGENSEN: No. The underworld were using it for a purpose which was not a recommended one.

The CHAIRMAN: For other than agricultural use?

Mr. WILLIAMS: I doubt whether agricultural lime would serve the purpose for which they used it.

The CHAIRMAN: I think we will have to cut the discussion off. We have a steering committee report for our meeting next week, and we are going to be right on the 11 o'clock deadline. It will not take long.

The steering committee met yesterday afternoon at 2 o'clock. We need motion to increase the number of French copies of the proceedings and evidence that are to be printed from 250 to 300.

Mr. CROSSMAN: I move the motion.

The CHAIRMAN: We feel that 300 would be sufficient. We are running out of them now.

Mr. NEVEU: I second the motion.

The CHAIRMAN: Does the Committee feel that we should increase it to 350. All in favour of that motion?

Motion agreed to.

The CHAIRMAN: Your subcommittee also recommends that the Canadian Wheat Board be called to appear before the Committee at 9.30 a.m. on Tuesday, June 7, 1966, and that the Committee sit in the afternoon and evening, necessary. We have the permission of the House to do this.

The Wheat Board is going to be in Ottawa next week on Monday, Tuesday and Wednesday. We will see how we progress on Tuesday with the Wheat Board, and it will be up to the Committee themselves how far they want to go.

The subcommittee thought that the Canadian Wheat Board could be called at a later date if the Committee's examination is not complete. This would be up to the Committee.

This is the recommendation of the subcommittee at this time.

Does someone care to make a motion that the report of the subcommittee be adopted?

Mr. CLERMONT: I so move.

Mr. PETERS: I second the motion.

Motion agreed to.

The CHAIRMAN: We will go on with the Wheat Board on Tuesday, and on Thursday we will continue with Item 15.

We are attaching a note to the notices you get before a meeting, stating what each meeting is going to cover.



















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OF  
PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS  
First Session—Twenty-seventh Parliament  
1966

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STANDING COMMITTEE  
ON

# Agriculture, Forestry and Rural Development

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 13

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Respecting  
The Annual and Supplementary Reports of the  
CANADIAN WHEAT BOARD  
for the Crop Years 1962-63, 1963-64, 1964-65

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TUESDAY, JUNE 7, 1966

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WITNESSES:

The Hon. Michell Sharp, Minister of Finance. *From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner, J. R. Lawrie, Assistant Chief Commissioner, G. N. Vogel, Commissioner, D. H. Treleaven, Commissioner, R. I. Kristjanson, Commissioner, F. Rowan, Sales Manager, C. E. G. Earl, Executive Director, P. Kelly, Treasurer.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Herridge,	Mr. Olson,
<i>Wolfe</i> ),	Mr. Honey,	Mr. Peters,
Mr. Beer,	Mr. Hopkins,	Mr. Pugh,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Rapp,
Mr. Choquette,	Mr. Johnston,	Mr. Ricard,
Mr. Clermont,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Comtois,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stafford,
Mr. Danforth,	Mr. Madill,	Mr. Stefanson,
Mr. Éthier,	Mr. Matte,	Mr. Tucker,
Mr. Faulkner,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Gauthier,	Mr. Neveu,	<i>guay-Huntingdon-</i>
Mr. Gendron,	Mr. Noble,	<i>Laprairie</i> ),
Mr. Godin,	Mr. Nowlan,	Mr. Yanakis—(45).
Mr. Grills,		

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

TUESDAY, June 7, 1966.

(14)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:45 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Beer, Clermont, Crossman, Danforth, Gauthier, Godin, Hopkins, Horner, Jorgenson, Laverdière, Lefebvre, Madill, Matte, Moore (Wetaskiwin), Muir (Lisgar), Peters, Pugh, Rapp, Stefanson, Stafford, Watson (Assiniboia), Watson (Châteauguay-Huntingdon-Laprairie), Whelan, Yanakis (24).

*Also present:* The Hon. Mitchell Sharp, Minister of Finance and Minister responsible for the Canadian Wheat Board, and Messrs. Fane, Korchinski and McLelland.

*In attendance: From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner, James R. Lawrie, Assistant Chief Commissioner, Mr. G. N. Vogel, Commissioner, Mr. D. H. Treleaven, Commissioner, R. L. Kristjanson, Commissioner, Frank Rowan, Sales Manager, C. E. G. Earl, Executive Director, Kelly, Treasurer.

On motion of Mr. Lefebvre, seconded by Mr. Watson (Châteauguay-Huntingdon-Laprairie)

*Agreed,*—That the increase in the printing of the Minutes of Proceedings and Evidence in French from 250 to 350 ordered by the Committee on Friday, June 3, 1966 be effective from issue number 4.

The Chairman called the Annual Reports and Supplementaries of the Canadian Wheat Board for the Crop Years 1962-3, 1963-4, 1964-5.

The Chairman welcomed to the Committee the Honourable Mitchell Sharp, Minister of Finance who then made a general statement to the Committee. The Minister expressed his willingness to come before the Committee at a later date if the Committee so desired. The Minister answered questions briefly. Mr. Danforth suggested that the Subcommittee on Agenda and Procedure consider whether the Committee recall the Minister at a later date.

The Chairman then introduced Mr. McNamara, Chief Commissioner of the Canadian Wheat Board who in turn introduced the officials of the Canadian Wheat Board.

The members of the Committee had received copies of the Annual Reports and Supplementary Reports of the Canadian Wheat Board for the Crop Years 1962-3, 1963-4 and 1964-5.

Mr. Earl proceeded to read the 1964-5 Annual Report of the Canadian Wheat Board and the officials answered questions on the various parts.

The following sections of Part I—The International Wheat Market of the 1964-5 Annual Report of the Board were called:

1. General Comments—Crop Year 1964-5.
2. International Wheat Agreement.

Mr. McNamara, during questioning, read a prepared statement on Grain Movement.

At 11:12 o'clock a.m., the Chairman called for a ten minute break.

At 11:25 o'clock a.m., the Committee resumed its examination.

Mr. McNamara, during questioning, read a prepared statement on Ry Flaxseed and Rapeseed.

At 12:15 o'clock p.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee till 3:30 o'clock p.m.

#### AFTERNOON SITTING (15)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 3:55 o'clock p.m.

*Members present:* Messrs. Clermont, Comtois, Danforth, Forbes, Gauthier, Godin, Hopkins, Jorgenson, Laverdière, MacDonald (*Prince*), Madill, Matt Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Pugh, Rapp, Ricard, Stefanso, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (23).

*Also present:* Messrs. McLelland, Kindt, Korchinski.

*In attendance:* The same as at the morning sitting.

The Committee resumed questioning the witnesses from the Canadian Wheat Board.

The following sections of Part I—The International Wheat Market—of the 1964-5 Annual Report of the Board were called:

3. Government Assisted Exports.
4. United States Export Programmes.

The Committee went on to consider Part II—Sales and Pricing of Canadian Wheat—sections

5. Sales—Wheat
6. Pricing of Wheat and Flour.

After some questioning on Section 6, it was agreed at the suggestion of Mr. Muir (*Lisgar*) that the Committee move on to consider Part III—Canadian Grain Position.

The Committee went on to consider Part III—Canadian Grain Position—Section 7—Crop Development and Supplies.

Mr. McNamara, during questioning, read a prepared statement on Quota objectives for the 1965-66 Crop Year.

At 6:00 o'clock p.m., the questioning of the witnesses continuing, the chairman adjourned the Committee till 8:00 o'clock p.m.

### EVENING SITTING (16)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 8:20 o'clock p.m.

*Members present:* Messrs. Berger, Clermont, Danforth, Ethier, Forbes, Gauthier, Godin, Hopkins, Horner (*Acadia*), Jorgenson, Laverdière, MacDonald (*Prince*), Madill, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Rapp, Ricard, Stefanson, Stafford, Watson (*Assiniboia*), Watson (*Châteauguay-Huntington-Laprairie*), Whelan, Yanakis (24).

*Also present:* Messrs. Howard, McKinley, McLelland, Forrestall, Korchini, Southam.

*In attendance:* The same as at the morning and afternoon sittings.

The Committee resumed questioning of the witnesses from the Canadian Wheat Board.

The following sections of Part III—Canadian Grain Position—of the 1964-65 Annual Report of the Board were called :

8. Delivery Quotas
9. Handling Agreement
10. Allocation of Shipping Orders
11. Western Grain Movement
12. Eastern Movement of Export Wheat.

The Committee went on to consider Part IV—1964-5 Pool Accounts—of the 1964-5 Annual Report of the Board and the following sections were called:

13. 1964-5 Pool Account—Wheat
14. 1964-5 Pool Account—Oats
15. 1964-5 Pool Accounts—Barley.

During questions on Section 14—1964-5 Pool Accounts—Oats, Mr. McNamara read a prepared statement on Feed Grains.

*Agreed,*—That the 1964-5 Annual Report of the Canadian Wheat Board stand.

The Chairman and members of the Committee commended Mr. McNamara and the members of the Canadian Wheat Board.

At 10:05 o'clock p.m., the Chairman adjourned the Committee to 9:30 o'clock a.m. on Thursday, June 9, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

(Recorded by electronic apparatus)

TUESDAY, June 7, 1966.

● (9.45 a.m.)

The CHAIRMAN: We now have a quorum and I will call the meeting to order. Before I introduce the Wheat Board officials, one thing which I am desirous of having is a motion. If you remember, at the last meeting we agreed to increase the minutes of the proceedings and evidence from 250 to 350 copies in French. The French issues are only printed up to number four so our motion should be that the increase in the minutes of the proceedings and evidence from 250 to 350 copies be effective from issue no. 4 onwards.

Mr. LEFEBVRE: I so move.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I second.

Motion agreed.

The CHAIRMAN: We have with us this morning, the Hon. Mitchell Sharp, Minister of Trade and Commerce.

Some hon. MEMBERS: Oh?

The CHAIRMAN: Pardon me, the Minister of Finance. The Minister is such a busy man it is hard to follow just where he is and what he is doing. With the Minister, who reports to the House for the Wheat Board, is Mr. McNamara, the Chief Commissioner. I will ask Mr. McNamara to introduce his colleagues. I was then going to ask for a short statement from the Minister but I understand he is not particular about this. However, I think we should have one after Mr. McNamara introduces his officials.

I should first explain to Mr. McNamara that our meeting is being recorded and that it is very important, when anyone speaks, that they should speak into the microphone so that everything is clear. When anyone is addressing the Chair I will try and point out who they are and if you, Mr. McNamara, ask any of your officials to answer a question, would you mind stating who they are, as they speak.

Mr. W. C. McNAMARA (*Chief Commissioner, The Canadian Wheat Board*): Mr. Chairman, Hon. Minister, and Members of the Committee, it is a real pleasure for our Board, once again, to have the opportunity of reviewing our activities with the Committee.

Today, I understand we will be discussing our 1964-65 Pool reports but, before doing so, as the Chairman indicated, I would like to introduce my colleagues. I am very pleased to advise you that we have all five members of the Board in attendance, whom I will introduce. Mr. Lawrie is the Assistant Chief Commissioner of our Board. Mr. Vogel, Mr. Treleaven, and Dr. Kristanson.

In addition to the five Board members, several of our senior officials are present. Mr. C. Gordon Earl, the Executive Director of our Board. Mr. Peebles Kelly, our Treasurer and Mr. Frank Rowan, our Wheat Sales Manager. I sincerely trust, gentlemen, that between us and collectively, we will be able to give you all the information you require. We want to give you all the information you want. If we have not got it with us—I think we have most of our records with us but if we have not got it with us—we will certainly get it accurately for you.

Now, Mr. Chairman, we are in the hands of the Committee concerning how you would like us to discuss this annual report.

The CHAIRMAN: I think, before we decide the exact procedure which should be followed here, I would ask the Minister, the honourable Mitchell Sharp, to say a few words to the Committee.

Hon. MITCHELL SHARP (*Minister of Finance*): Mr. Chairman and gentlemen as you probably know, the Canadian Wheat Board reports through me, as Minister of Finance, to Parliament. The Board, however, is a body which functions under an act of Parliament and it is responsible for its own policies. As I have often said, the function of the Minister responsible for the Board, is to help the Board to do its job.

I do not have the responsibility for fixing prices or for deciding where wheat shall be sold or in what quantities. It is my responsibility, however, to do all I can, as a member of the Government, to help the Wheat Board to sell wheat throughout the world, through Government policies, through the negotiation of trade agreements, and so on.

I also look upon it as my responsibility as the Minister to do all I can to promote stability in wheat markets. I cannot tell the Wheat Board at what price to sell wheat. I do try to influence the conditions under which the Wheat Board sells wheat; by negotiation with other countries, through the promotion of international wheat agreements, and so forth.

I think it is a very good thing that the Wheat Board should be called before a Committee like this and examined on its operations and I want to say to you Mr. Chairman, that if there is any way in which I can be helpful to the Committee in answering questions with respect to my responsibilities, I will certainly be glad to do so.

However, I would suggest that the Wheat Board should deal with its own operations and if, at any time, the Committee would like me to come back and appear before them in connection with the operations of the board or anything relating thereto, I would be happy to do so.

The CHAIRMAN: Thank you. One announcement I would like to make is that I hope members of the Committee are aware that we are going to meet at 3.30 or immediately after orders of the day, and then again at 8 p.m. tonight.

Mr. DANFORTH: Mr. Chairman, I wonder is it permitted at this time to ask the Minister a question of a very general nature with regard to policy?

The CHAIRMAN: Yes, I would think so, if you so desire.

Mr. DANFORTH: Mr. Chairman, this arises out of the Minister's statement which he explained that the Wheat Board does act under an act of Parliament.



and reports through him and he has indicated his opinion of the duty of the Minister in this regard.

Now, in view of the fact that the Department of Finance is one of the larger portfolios of the Cabinet, if not the largest, does it not seem that perhaps the Wheat Board should be administered by the Department of Agriculture or the Department of Trade and Commerce since the Wheat Board is now reporting to the Standing Committee on Agriculture? The fact that it does not must mean there must be some very important reason why this government considers it should be under the Department of Finance. I wonder if the Minister could explain to the Committee why this government considers the activities of the Wheat Board should be under the Department of Finance in this government.

Mr. SHARP: Now, Mr. Chairman, I think you should have brought the Prime Minister before the Committee and asked him that question. I did not choose to be the minister responsible for the Wheat Board.

The Prime Minister asked me to continue as the minister after the re-organization of the government last December. As you know, I had been the Minister of Trade and Commerce. The Prime Minister said to me when he asked to carry this on: "You are more familiar with the operations of the Board than any other minister in the government at the present time and I would like you to carry on, in the meantime". He did not indicate to me that this was a job of indefinite duration. However, these I understand, are the reasons why he asked me to carry on as the minister responsible.

Mr. DANFORTH: In order that I might understand this more clearly; it was a determination on the part of the Prime Minister, because of your familiarity with the activity, rather than the determination that it should, in itself, be under the Department of Finance?

Mr. SHARP: I am quite sure everyone would agree with me that it is not wholly logical for the Canadian Wheat Board to be reporting to Parliament through the Minister of Finance. This, as I understand it from the Prime Minister, was an appointment because of my peculiar experience. I do not think it is an appointment which will last indefinitely, although that decision is in the hands of the head of the government and not in mine.

Mr. PUGH: In dealing with the Wheat Board, does the Minister of Finance bring the Minister of Trade and Commerce into consultation? Is there a Cabinet committee of sorts rather than just the Minister of Finance? If so, of how many ministers is it composed?

Mr. SHARP: Mr. Chairman, there is, and has to be, very close liaison between myself, the Minister of Trade and Commerce and the Minister of Agriculture in all matters relating to the Wheat Board. There is a Cabinet committee concerned with agricultural matters to which all matters of policy affecting the Wheat Board are brought.

In addition to that, I use, not the staff of the Department of Finance, but the staff of the Department of Trade and Commerce. In other words, in dealing with the Canadian Wheat Board, I use the Grain Division. This division had the responsibility when I was the Minister of Trade and Commerce and, by arrangement with the present Minister of Trade and Commerce, I use his staff as the liaison between myself and the Canadian Wheat Board.

I think this is very desirable because the Department of Trade and Commerce is intimately associated with the marketing conditions and the negotiation of trade agreements. Therefore, I think it is appropriate and it works very well for me to have access to the staff of the Department of Trade and Commerce in dealing with the Wheat Board.

Mr. PUGH: This would further indicate that the method of handling this matter via Cabinet and yourself is only a temporary one.

Mr. SHARP: Yes. It is very difficult for me, Mr. Chairman, to talk about my own qualifications for a job but I understand, from the Prime Minister, that the reason he asked me to carry on was that he thought the Wheat Board affairs, for the time being, would be better handled by myself, because of my experience, than by any other minister at the present time because of their comparative lack of experience in handling Wheat Board matters. I do not think it can be an arrangement of indefinite duration.

The CHAIRMAN: I think we could continue indefinitely on this subject, which was not the reason why this meeting was called. We called this meeting to hear Mr. McNamara, not that I do not want to hear any more or to offend you, Mr. Sharp, but I would like to proceed with the business of the Wheat Board.

Mr. PUGH: The purpose of the question was to determine who, on behalf of the government, deals with the Canadian Wheat Board.

The CHAIRMAN: I think your question was well taken and well put, as far as this goes, and I think it has now been cleared that a lot of the reporting from the Wheat Board is through the House. I am just trying to say that I think the answers have been fairly clear. I do not want to cut this questioning off or to be accused of so doing, but the minister has stated he is at the will and call of the committee to come back and answer any further questions for us, whereas the Steering Committee reported that we would meet with the Wheat Board for a full day today, and we should take advantage of their time while they are here.

Mr. MUIR (*Lisgar*): While the Minister is here, I would like to raise a matter which affects not only the operation of the Wheat Board but has to do with the government policy, and I think the Minister would be the proper person to answer the question. It has to do with the policy of pricing between importing and exporting governments. Does the Minister take any part in negotiations of pricing between, say, Mr. Freeman and yourself or other ministers responsible for the importing and exporting of grain?

Mr. SHARP: Mr. Chairman, as I said in my introductory remarks, I am not responsible for the pricing policies of the Canadian Wheat Board. By act of Parliament, those responsibilities are assigned to the Board and the Minister cannot direct the Board regarding what prices at which it should sell.

It is the responsibility of the Minister, however, to do everything possible to promote stability in international wheat markets and, in this connection, I have been very active from time to time, in trying to persuade other governments, and particularly the government of the United States, to follow policies which will increase stability in international wheat markets and, in particular,

will keep prices at as high a level as is compatible with the expansion of world trade.

I have been talking to Mr. McNamara about the testimony which he will be giving here today and I can say to you that he will be dealing with this question in particular. However, so that there is no doubt about it, as the Minister responsible for the Wheat Board, I consider it one of my most important functions to promote stability in international markets.

Mr. MUIR (*Lisgar*): In other words you would not negotiate, say, with Mr. Freeman. Because of their policy towards farm organizations and farm pricing, we know the government of the United States, in the past, for reasons of their own, have been rather reluctant to increase, to any extent, the export price of wheat. If my information is correct, they have been one of the countries which have been rather reluctant in that regard, much more so than, say, the Argentine and Australia. I am wondering if the minister has done any direct negotiating with the Americans over this matter.

Mr. SHARP: Yes, over the last couple of years I have spent a great deal of time on the matter. I am now very happy to see that the lead taken by the Canadian Wheat Board, in supporting international wheat prices, is being followed more closely by the United States.

Mr. DANFORTH: Mr. Chairman, I have just one point to be clarified which is whether, following the report of the Wheat Board, the Steering Committee should consider if it would be to the advantage of the Committee to have the Minister back to answer questions on policy which were not taken up.

The CHAIRMAN: I think this should be taken into consideration and if the sub-committee feels the Minister should come back, we can report back to the Committee as a whole, and tell them what our feelings are.

Mr. SHARP: I would suggest, Mr. Chairman, that while I have no desire to avoid being questioned, it would make for a more orderly discussion of this report if the Wheat Board were to deal with the matter first and I would be very happy to follow along if the Committee would like to hear me again.

The CHAIRMAN: Thank you, Mr. Sharp. Now how does the committee wish to proceed? I have spoken to Mr. McNamara about the proceedings and he has suggested, and I think it is well taken, that the proceedings are in the hands of the Committee. We do know, however, that everyone has had copies of the report and we hope it has been read and studied in great detail. It may not be necessary, therefore, to follow the procedure. I am going to suggest that details be read as they are listed in the Report for 1964-65.

We can try that for this morning and if there are any suggestions following this morning's meeting, we may try a different procedure this afternoon and this evening. This, of course, depends on what progress we make. We do not want to curtail any questions or discussions concerning the Wheat Board operations. Is this agreeable to the Committee?

Mr. JORGENSEN: Mr. Chairman, in the past it has been the practice, and I think we could cover the report faster, by dealing with each section, each subsection being read and members being permitted to ask questions on it as we went along.



I think Mr. McNamara indicated he would like to make a statement. In order to start the procedure, perhaps Mr. McNamara could make a general statement, covering the operation of the Board, and then we could go into a study of the report clause by clause.

Mr. McNAMARA: No, Mr. Chairman. I have several statements on questions which I anticipated would be of some importance such as those regarding the effects of the strike, the quota situation and pricing. I thought it might be advisable to follow the procedure you suggested and when a particular section comes up for review I will comment on that particular subject. From my experience in the past, if we keep fairly well to the various sections of the report, we can keep the questions directed to that particular phase of the activity. That would be most suitable to us and, if it is agreeable to the Committee, I would like to ask Mr. Earl if he would commence reading the basic annual report. This is the report as of July 31, which covers the general activity through the year. The supplementary report, which has been submitted to you more recently, gives the conclusions of the operations. However, you will notice in the first part of the general report that we deal with the international situation in various phases of our operation policies and, if it is permissible, I would like Mr. Earl to proceed with the first section of the report.

The CHAIRMAN: Agreed.

Mr. EARL (*Executive Director, Canadian Wheat Board*):

1. *General Comments—Crop Year 1964-65*

A record world wheat crop was harvested in the 1964-65 crop year. The estimated production of 9.3 billion bushels surpassed the previous high of 8.8 billion bushels in 1962-63 and the 8.3 billion bushels gathered in 1963-64. The recovery of wheat production in the Soviet Union, a country having nearly a third of the world's wheat acreage, was principally responsible for the improvement over 1963-64, while increases in other areas contributed to the establishment of a new production record for the world. A comparison of 1963-64 and 1964-65 estimated world wheat production, by major geographical areas, is shown in the table that follows.

Geographical Area	1963-64	1964-65
	(million bushels)	
U.S.S.R. ....	1,470	2,100
North America ....	1,931	1,957
Asia ....	1,925	1,924
Western Europe ....	1,369	1,582
Eastern Europe ....	636	660
South America ....	404	479
Oceania ....	338	378
Africa ....	235	214
Total .....	8,308	9,294

Source: U.S.D.A., *World Agricultural Production and Trade*, December, 1965, pp. 30 and 31.

In Western Europe wheat output was up over 200 million bushels from a year earlier, with an increase of over 130 million bushels coming in France alone. Increases in Oceania and South America were largely reflections of the record and near record crops achieved in Australia and Argentina, respectively. All eastern European countries, except Yugoslavia, had larger crops than in the previous crop year. North American production of wheat was slightly higher as Canada's decrease of 123 million bushels from its all-time high of 723 million bushels in the 1963-64 was more than made up by the increase in the United States wheat crop. Wheat production in Africa declined despite the fact that a principal producer, South Africa, harvested a larger crop. Output in Asia was virtually unchanged, although production in individual countries varied considerably from the previous year. India suffered a 35 million bushel decline from the year previous, while estimates for Japan and China indicated improved crops.

Total available supplies of wheat in the four major exporting countries decreased from a year earlier even though good to record crops were harvested in each of them during 1964-65. The major off-setting factor to the high level of production was the reduction of almost 300 million bushels in the inward carryover stocks of the United States. Supplies in that country amounted to 2.2 billion bushels, comprised of a production of 1.3 billion bushels and a July 1, 1964 carryover of 901 million bushels. The Canadian supply of over one billion bushels came from an inward carryover of 459 million bushels and a 600 million bushel crop in 1964. Australian and Argentine wheat supplies of 394 and 452 million bushels, respectively, were largely available from their bumper crops which were harvested during the middle of the 1964-65 Canadian crop year.

The generally larger and better quality crops in the traditional importing countries and the Soviet Union led to a decrease of about 200 million bushels in the world wheat and wheat flour trade from the record level of over 2 billion bushels in 1963-64. The decrease would have been even more marked had it not been for the increased needs of several Asian countries. This is indicated in the following table, giving the 1963-64 and 1964-65 purchases, commercial and concessional of the major wheat importing countries:

Country	1963-64	1964-65
	(million bushels)	
India .....	174	247
China .....	174	222
United Kingdom .....	172	154
Japan .....	142	132
U.S.S.R. ....	400	94
Pakistan .....	63	75
Brazil .....	77	74
Germany, West .....	87	52
Poland .....	72	51

Source: International Wheat Council, Record of Operations, 1964-65, November 3, 1965.

The increase in shipments to India and the People's Republic of China, the two largest importers in the crop year under review, amounted to over 120 million bushels. India received most of her wheat imports on concessional terms from the United States although, as shown on page 7 of this report, Canada provided India with over 7.2 million bushels under Government aid programmes. The largest part of the Chinese purchases was from Australia and Canada on credit terms, but they also purchased wheat from Argentina and France.

A larger and better quality domestic crop was the major factor in the decline from 1963-64 in British imports of wheat. However, Canada continued to supply over half of the wheat import requirements for the United Kingdom market. The shares of this market held by the United States, France and Australia were diminished as imports of wheat from Argentina, Holland and Belgium increased. The increase from the latter two countries was particularly significant as it was a direct result of the distortions caused by the Common Market grain regulations. These regulations made it favourable for the Dutch and Belgian grain trade interests to import French wheat for milling while exporting domestic wheat to England for feed.

The Japanese domestic crop in 1964-65 was also both larger and of better quality than her 1963-64 crop and this caused a decline in her wheat imports. The reduction took place largely in the purchases from the United States and to a lesser extent in those from Australia; her imports from Canada increased slightly.

Purchases by the U.S.S.R. in 1964-65 were small by comparison with those of 1963-64. Nevertheless, they were still enough to make her the world's fifth largest buyer during the crop year ended July 31, 1965.

Pakistan and Brazil continued as major importers of wheat but with large amounts of their needs being supplied on concessional terms from the United States.

With larger and better quality crops, plus carryover stocks, Poland and West Germany imported less wheat than in 1963-64. Notwithstanding this decrease Canada was able to increase her exports to Poland but shared with the other suppliers of wheat the reduction in West German purchases.

Overall, world wheat exports were well maintained even with a record crop having been produced. A high volume of exports continued to flow from Canada, Australia and the United States though each experienced a sharp reduction from her record performance of the previous year. Exports from France and Argentina were up substantially. The U.S.S.R., despite improved production, did not export any wheat to any significant extent. The following table shows 1963-64 and 1964-65 exports of the major wheat exporting countries;

The CHAIRMAN: Are there any questions regarding Section 1?

Mr. JORGENSEN: I note that our exports have increased considerably during the past few years. I wonder if Mr. McNamara could tell us what he feels are



the prospects for increased export trade and where he thinks there are opportunities for improvements in our markets.

Mr. McNAMARA: Well, Mr. Chairman, some months ago our Board recommended to the Government that, in assessing the demand for wheat in the world, Canada should raise her targets. For a number of years we have assumed that an average export of 275 million bushels, related to production, was a fairly satisfactory level, taking into account that we use domestically about 155 million bushels.

In the last four or five years we reached a 300 million bushel level and, of course, in 1963-64, with the advent of the large Russian purchase, we created a new record of 595 million bushels. But, in assessing the over-all position in the world, we are now quite confident that by maintaining competitive prices, together with the continuance of quality production in Canada, making our wheat the premium wheat of the world, that we can now set our minimum target at about 400 million bushels a year which, with 150 to 155 million being used domestically, provides an outlet for a crop of 550 million. This figure, which is based on current acreages in Canada, is better than an average crop.

What I am trying to say, gentlemen, is that, in the view of our Board we have now passed from a period of managing surpluses and we are now getting to the point where future markets can be developed. I must admit that, as a board, we are now more concerned with production policy and our ability to meet demands, year in and year out, than we are trying to merchandise surpluses.

The CHAIRMAN: Does that answer your question Mr. Jorgenson?

Mr. JORGENSEN: Yes, to an extent I was wondering, though, if the possibilities for increased sales to Asia were in prospect? I note that we have had a fairly constant market in China and that our market in Japan was increasing, perhaps slowly, but nonetheless it has now developed into one of our steadier markets.

I wonder if Mr. McNamara could tell us if there are other countries in Asia which could be regarded as prospective markets for Canadian wheat.

Mr. McNAMARA: Well Mr. Jorgenson, I think that, in so far as Japan is concerned, we certainly now regard it as a traditional market, which takes a maximum of about 50 million bushels a year. This has been a fairly constant figure over the past few years.

We will be dealing with pricing matters later and particularly the questions which have been raised with regard to the prices of some of our major competitors. This is an area where we are finding very, very severe competition from our friends south of the border.

Mr. PUGH: You are talking of Japan?

Mr. McNAMARA: Japan, yes. Certainly, in so far as the Japanese are concerned, our relationship with them is excellent. They like the quality of our wheat. Regardless of the somewhat premium price which is now being charged by us as compared with our competitors, there is still every indication in Japan that they prefer quality wheat and they do not want to become too dependent on only one source of supply. So we are confident in our appraisal of future

markets and we are counting on Japan being a steady market in the neighbourhood of 50 million bushels of wheat from Canada each year.

The bread consumption in Japan, while increasing, due to the population, is not moving forward as rapidly as it was a few years ago, in the immediate post-war years. However, there is every indication that there will be better prospects for feeding grain in Japan because, as their society becomes a little more affluent, they are switching more to meat, as other countries have. We are confident that we can maintain our position in the Japanese market and I am very pleased to be able to report to the Committee that I consider our relationship with the Japanese, and particularly with their food agency which imports all our wheat, to be a very satisfactory and understanding one.

I am very, very optimistic about the future business with China. We had two large sales recently, related to China and Russia. I think Russia will continue to buy wheat from us but not on a regular basis. However, I am satisfied that as long as I occupy my present post, we can regard China as a permanent customer for Canadian wheat. They like our quality.

Until recently they have admired our ability to deliver and to meet our contract on schedule. Our reputation in this regard has been damaged within the past year but I think the best answer with regard to China is to remind you that last fall we concluded a new long-term agreement with China. Although originally, the agreement was set for a three-year term with a minimum of two and a half and a maximum of 5 million tons, this spring Mr. Lawrie and Mr. Vogel renegotiated that agreement with the Chinese and, while they would not agree to a five-year period for which we were pressing, they did agree to extend the quantities under the three year agreement to a minimum of four and a half and a maximum of 5 million tons, this spring Mr. Lawrie and Mr. Vogel will take the maximum quantities. In fact, so far this year—and I am departing already from last year, Mr. Chairman, in order to answer this question for Mr. Jorgenson—we have already entered into a purchase sale with them, representing 1,600,000 tons for the first five months of the new crop year and the understanding that within the first year of the new agreement they will take two and a half million tons, which is more than half the minimum indicated for the three-year period.

As far as we can tell and unless there is some real change south of the border with regard to dealing with China, we can regard China as a major—in fact it is possible that this next crop year she will develop as being the largest—customer for Canadian wheat. So that we are looking forward with confidence.

The other major importing country in Asia is, of course, India. We do a fairly small but satisfactory business with countries such as Hong Kong and the Philippines but these are limited quantities. They are very valuable to us. Price-wise American competition in these areas is very, very difficult for us at the present time. But the major Asian country is India, where most of their requirements have been met by the U.S.A. on concessional terms. Now, Canada is a country which has to have cash to pay its producers on which they live and although the Canadian government has been very generous with aid to India

this year we will be delivering to them about one million tons which is, I think, about \$56 million worth of wheat which we have contracted for delivery, most of which will be going out this July.

So far as the cash market is concerned, the prospects of our dealing with them in the near future on a cash basis or even on a satisfactory short-term credit basis are not too optimistic. As long as we can sell 500 or 600 million bushels of the crops we are producing so that we get cash for it, I much prefer that type of business to selling it for local currencies and having it left in those countries for future development.

Mr. JORGENSON: This brings up two related problems which the Board has faced and will continue to face and I was wondering if Mr. McNamara would care to comment on the adequacy of our transportation and loading facilities at ocean and lake ports at the present time and our ability to transport grain in position for loading on ships. Now this is notwithstanding the strike which is going on at the present time.

I wondered if, in Mr. McNamara's or the board's opinion, some major revision of our transportation and loading policies may be necessary in order to meet expanded markets in the future.

I have just one more question, Mr. Chairman. I do not want to monopolize the time of the Committee and I have just one more after Mr. McNamara has answered this question.

Mr. McNAMARA: Well, again, Mr. Chairman, I think we are getting into the current crop year but I am sure this question is going to have to be discussed with the Committee and, with your permission, I would like to make a statement now on the current grain transportation position and then a few comments on the general situation. It may clear the air for future discussion. In anticipation of the question I have a prepared statement which I would like to read to the Committee.

The CHAIRMAN: Agreed.

Mr. McNAMARA: Much attention has been given in recent weeks and months to the problems of grain transportation. These problems have arisen as a result of inadequate car supply at certain periods of the year, congestion at the port of Vancouver and the extremely adverse weather conditions experienced in western Canada during the winter months.

The attention given to the problem of moving grain has tended to obscure the accomplishment. From August 1, 1965 to May 25, 1966, which are the last figures available, the railroads loaded 308,562 cars of grain in the country or an average of 1,497 cars for each and every working day. This is 25 per cent more than was loaded for a comparable period in the last crop year and is 12,581 cars more than was loaded in our previous record year of 1963-64. This performance was made possible by the tremendous efforts made by both railways particularly, in recent weeks, to meet the extraordinary requirements brought about by the large sales of wheat for delivery this crop year.

While it is true that problems did arise during the crop year this was, perhaps, inevitable. But the point we want to make is that, in spite of the problems, the railways have done a phenomenal job in moving grain from farms in western Canada.



While the sales program for the next crop year has not been fully established, enough sales have now been made to necessitate a continuation of an all-out grain movement, at least until the close of navigation on the St. Lawrence Seaway next fall. We would therefore hope that the railways will consider the end of the crop year, July 31, as just another date, and that they will continue their efforts of maximizing the grain movement right through to the close of navigation.

Mr. BEER: May I ask Mr. McNamara if he would please repeat the figures he gave?

Mr. McNAMARA: They have moved until May 25 since the first of August this crop year, 308,562 carloads of grain from western Canada or an average of 1,497 carloads for each and every working day. This is 25 per cent more than was moved in the previous crop year and is 12,581 cars more than was moved in the record movement which we enjoyed during the 1963-64 crop year.

As a comment, gentlemen, I would bring to your attention that up until May 25 this year, our western producers have delivered a total of 523.9 million bushels of grain, which includes all grain, as compared with the deliveries last year of 460 million. The railways have moved from country elevators a total of 612 million bushels. In other words there have been about 80 to 85 million more bushels of grain moved out of country elevators than the producers have delivered to date.

Now as I said in the statement, it is true that we experienced difficulties last fall and during the winter and, at certain points, particularly, I believe from what I read in *Hansard*, our friends in southern Alberta felt that they were being ignored or discriminated against.

This situation cannot really be laid at the doors of the railways. We at the wheat Board must accept responsibility for the major portion of the disruption in transportation which did develop.

An hon. MEMBER: Is this last year?

Mr. McNAMARA: We are talking about this year. You will remember that we entered into this exceptionally large commitment with the U.S.S.R. last August and it was necessary, in order to get the machine rolling and to build up our stocks, to start moving into this market as rapidly as possible. After the government and Mr. Sharp convened a meeting with the presidents of the railways and we had secured commitments from them that they could move at least as much grain as they did in 1963-64, we encouraged them to take the short hauls in order to build up our stocks at the lakehead and the St. Lawrence, with the result that they concentrated on Manitoba and eastern Saskatchewan. And to a considerable degree, stations in northern and western Saskatchewan were held back because they moved the transportation into the areas mentioned in order to get the benefit of a short and rapid haul.

This situation was accentuated again during the winter months because unfortunately, Manitoba produced a crop of very, very high moisture grain. About 80 per cent of all the grain which had been merchandized in Manitoba and in eastern and northeastern Saskatchewan was out of condition grain and we felt that in order to save this grain from deteriorating, we would again have to

ive preference to the movement and we are still, to some degree, continuing to give preference to the movement of out of condition grain. This, again, adversely affected delivery opportunities of producers in Alberta and western Saskatchewan who had produced dry grain.

Of course, in the Vancouver movement, it must be remembered that a result of the unfortunate labour difficulties which developed last July and August, where some of the elevators at large ports were strikebound, was that there was very little space in Alberta country elevators at the opening of the season because shipments, to a great extent, had been retarded during July and August when deliveries were so heavy during July. So the Alberta producers entered the crop year with practically congested elevators.

In addition to this, due to our concentration on trying to get the Russian movement started, a large portion of which was leaving from the St. Lawrence, the car supply to the west coast was somewhat limited as we did encounter a lot of difficulties at Vancouver during the winter months.

I have advocated, and I know I speak for my Board when I say that, for a number of years, we have felt that the terminal facilities at Vancouver were inadequate to handle the changed pattern of grain movement. A few years ago we used to enjoy a movement of about 100 million bushels of all grain out of our west coast ports. Last year, 1963-64 was in excess of 200 million bushels. This year we are again breaking new records and we will enjoy the largest movement out of the west coast we have ever experienced. And notwithstanding the difficulties we have encountered this year, we are considerably ahead of last year and, in fact, we are ahead of the record movement which occurred during 1963-64, but at some expense. We did have a number of boats delayed. We encouraged considerable demurrage charges as a result of our inability at times to fulfill our contracts.

We were fortunate that the government took action to appoint a Transportation Committee and my ex-colleague, Mr. Wittall, came out of retirement to chair this committee and he secured excellent co-operation from the railways and the terminals. I think during February we had the largest movement in history out of Vancouver, with over 29 million bushels of all grain. But I do think both we and the government must direct more attention to the over-all facilities for moving more grain westward.

(10.30 a.m.)

We discussed earlier the potential market in Japan and our confidence in the development of our market in China. In addition, with the construction of larger ocean vessels, we find that ocean rates, even from Vancouver to European destinations, are now much narrower than they were a few years ago out of the St. Lawrence. Rapeseed from Manitoba for example is moving against the freight differentials to Vancouver because the demand is from Vancouver, not only for Japan but for Italy and other countries in that area of the world. We have recommended to the government, and I know they are giving it serious attention.

But I think that we, in western Canada, need what I call a St. Lawrence Seaway out to the west coast. The Seaway has been of great benefit to us, but

more materially to the United States in so far as the grain movement is concerned. But if we are going to continue to increase our grain exports and if we are, as a nation, going to accommodate the largely increased movement of potash, sulphur and coal which is leaving from the west coast, I think we must direct more attention to improving the facilities at Vancouver. I do not mean just the terminal elevator facilities. I am delighted that the Saskatchewan pools are now going ahead with the construction of a new and very modern terminal. This will not be ready for about two years but it will be of great benefit to us.

I think the railway operations, the yards in Vancouver, probably the trackage to Vancouver—and it would not have to be double track—should be increased. I am hoping the government of Canada will recognize for western Canada the need for increasing all facilities which will enable us to move more of our products out of the west coast because, in my opinion, as a wheat merchant, the future for expanded business, in so far as we are concerned, lies through the western movement.

Mr. JORGENSON: You mentioned the demurrage charges which had to be paid because of ships that cannot be unloaded. Who picks up the tab for these demurrage charges? Is it the western farmer? Are these charges marked as a deduction against his final payment?

Mr. McNAMARA: I am anxious to have the members of the Committee go to know some of my colleagues. I wonder if I could ask Mr. Vogel if he would care to comment on this question of responsibility for demurrage charges.

Mr. G. N. VOGEL (*Commissioner of the Canadian Wheat Board*): Gentlemen, the question is not a simple one. To answer the question simply, one would have to say yes and no, the farmer sometimes pays a part and sometimes he does not. It becomes a question of contractual responsibility. If we are a seller and if we are in default, then we must entertain demurrage claims under the conditions of the contract on which we sold.

You must realize, however, that just because vessels are waiting to load at Vancouver does not necessarily mean that the Board or the western farmer is liable for demurrage on those vessels. For example, if a condition of our contract at the west coast at the present time—and it has been for some time—is that we become liable on our contract when the vessel can get a berth in order to load, if the port is extremely congested and if vessels are waiting in line to load, it is therefore quite conceivable that vessels could be anchored out in the stream on demurrage. But such demurrage has not been paid by the Wheat Board.

I think, therefore, the answer to the question is, as I said at the beginning that it depends on our contractual responsibilities and each claim is examined on its merits in the light of the particular contract involved.

Mr. JORGENSON: Well, in the case of the strike now taking place in Montreal, who is responsible for paying demurrage charges there?

Mr. VOGEL: In this case, demurrage, if any, will be a matter between the vessel owner and the charterer of the vessel. However, the ports concerned are strikebound and are so declared and, in the charter parties entered into between the charterers and the vessel owners, in most cases there will be strike protection clauses so that the vessel simply waits.



In any event, this is a strike of longshoremen, so that the vessels cannot be loaded. This is not at all in the same category as an elevator strike where the grain cannot be loaded. The grain is in the elevator but the vessels cannot be brought alongside to pick it up. This is a problem of a different nature entirely but it brings us back to what I said before, that it is a question of the contractual relationship.

The CHAIRMAN: Mr. Pugh, we have five questioners here now and I imagine all their queries are supplementary. You are number four on the list so—Mr. Clermont your question?

(Translation)

Mr. CLERMONT: I see Pakistan and Brazil continue to buy large quantities, particularly from the United States, due to concessions. What are these concessional terms granted by the United States to these two countries that lure them to buy United States rather than Canadian wheat?

(English)

Mr. McNAMARA: I wonder, Mr. Chairman, if I could ask our Sales Manager, who is the bilingual member of our Board, if he would deal with this question?

(Translation)

Mr. FRANK ROWAN (*Sales Manager, Canadian Wheat Board*): If you look in section 4, there is an explanation of the different programs which the United States has for selling their wheat to different countries. They are concessional programs in regard to sales. They accept the currency of the countries accepted. We only accept dollars for our sales. Furthermore they sell on very long-term credit against United States currency, and the credit is for twenty years or thirty years, whereas our legislation does not cover terms such as these.

(English)

Mr. CLERMONT: My second question concerns the statement here that the European market production increased by 200 million bushels in which France had 130 million. Did they have good weather in France or was this increase due to new methods?

Mr. McNAMARA: Well, last year, sir, was a combination of both. They enjoyed favourable growing weather but, as a matter of policy, the French are increasing their wheat production and they have become a major factor in the exporting world. Fortunately for us, the quality of the wheat which they are producing is not the same as that of Canada but we are finding it very competitive in some of the eastern European markets.

Mr. CLERMONT: Are they selling much to the Six market?

Mr. McNAMARA: Yes, quite a lot of their wheat, although I think, as a matter of policy, they are disappointed that their partners in the Six are not finding that the French wheat is attractive to them. The German millers and bakers, like our quality wheat, because of its strength, and they can blend it with their own indigenous production, so that most of the French production has gone to eastern European markets such as Czechoslovakia, East Germany

and countries such as these and Russia has purchased quite substantial quantities from them. But, again, Russia has diverted most of the French wheat which they have purchased into these other markets where they have obligations to provide them with wheat. So that the most serious factor regarding French wheat production so far as we are concerned, is the export of a considerable quantity of flour which is heavily subsidized, thereby making difficult competition for us. It is certainly working against the sales efforts of our Canadian mills in the export market.

Mr. DANFORTH: I would like to ask, Mr. Chairman, if you will allow a supplementary on this French question.

The CHAIRMAN: The microphone, Mr. Danforth.

Mr. DANFORTH: Is the French wheat grower heavily subsidized yet, as he was, I understand, previously? Is this the reason for the tremendous increase of wheat in the country itself? Is there a direct government subsidy to the farmer on the production of his wheat?

Mr. McNAMARA: The answer to this question is yes. Mr. Lawrie would you like to read, just briefly, the common market agriculture policies and the reason for the increased production in France and these countries. Mr. Lawrie is pretty close to this situation.

Mr. JAMES B. LAWRIE (*Assistant Chief Commissioner, Canadian Wheat Board*): Gentlemen, referring to France particularly but, actually, common market policy has encouraged all the common market countries to increase wheat production.

I have before me the 1965 world wheat statistics issued by the International Wheat Council and, in the case of France, the 1949-50 to 1953-54 average was 296 million bushels per year. That has gradually been increasing, with some variations due to climatic conditions. The crop of 1964-65 was 500 million.

Now looking at the figures for the Federal Republic of Germany, their average in the first five-year period was 107 million bushels, which is now up to 191 million bushels for 1964-65. And so it goes on. In the case of Italy, which is the second most important wheat producer, they averaged 284 million in the 1949-50 to 1953-54 period. They have not changed their production a great deal, although they are up to 315 million. They are traditionally wheat producers. However, if we look at the figures for a country like the Netherlands, their average was only 11 or 12 million bushels for 1949-50 and they are up to 20 million bushels in 1964-65 and Belgium went from 20.7 million bushels to 35.9 million bushels in 1964-65. So there is a general increase.

Obviously the reason for that is pricing. They have an agreed price. It is not a level price yet but it will be in 1967 as they are trying to bring all the countries in the common market to a common agricultural price. It is a fairly substantial price, in terms of what the Canadian farmer receives. Consequently it has undoubtedly encouraged the production of wheat.

They are further protected, of course, by a levy system on imports which brings up the price of imported wheat very substantially and the reverse of that is that France has a surplus. Quite a heavy subsidy is paid. I think it has been as high as \$50 a ton on exports. If I recall correctly, a year or two ago, when

here were negotiations with China; France obtained approval to put on an additional subsidy to cover the freight from frontier bases to Chinese ports. I do not think it was used but I do recall it was about \$10 a ton and they had varying additional subsidies, depending on the location of the destination for the wheat.

It is interesting to note that a country like the Netherlands, for example, which is a large wheat importing country—I think already this year they have probably taken over a million tons of American wheat—is concurrently exporting its own wheat. A year ago I would say that about half of their wheat was exported to the United Kingdom—something like 11 or 12 million bushels out of production of 24 million or thereabouts.

Therefore, there is quite a distortion in the common market policy. It seems rather odd that the Dutch, who are large importers of wheat, can turn around, with the levy system, which is reversed and becomes a subsidy and it pays them to export wheat to the United Kingdom and bring in red winter from the United States or French wheat. However, that is a fact of life. Is that sufficient, Mr. Chairman?

The CHAIRMAN: Yes. Is there any further question, on this, Mr. Danforth?

Mr. DANFORTH: No, I thank you.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I have to leave at eleven o'clock and I have two particular questions. However, I will be back and I wondered whether, if I did not get them both answered at the present time and this question had been dealt with, could I come back to one of them later on?

Mr. McNamara mentioned the transportation system referring to the west coast and the new terminal elevator which the Pool is presently building. I would like to ask what co-operation there is on policy between the Wheat Board and the railways and if they make any recommendations to the railways on what they feel would be improvements in the transportation system with regard to high speed movement of grain to both the west coast and the Lakehead.

I would like to mention that recently, in the House, I referred to an article in a newspaper, pertaining to the new set of grain trains in the United States. Have the Canadian Wheat Board and the transportation systems discussed the feasibility of initiating such an operation in Canada whereby grain could be speedily transported to the ports, unloaded in 24 hours and a return journey made for another load? In my estimation, this is something we should look forward to and I wonder if Mr. McNamara could say whether there have been any discussions on this in Canada?

Mr. McNAMARA: Well, Mr. Chairman, in endeavouring to answer this question I should first point out that under our act we have no control over the railroads. The only control, in so far as railway boxcars are concerned, is that we have authority to control distribution between elevators after they are placed at a shipping point.

But this does not mean we do not work closely with the railways. We keep them constantly advised. In fact, before we entered into the two commitments with Russia, the government called in the railways and we had commitments



from them on whether or not they could move the grain we were contemplating selling. We constantly keep them advised of our transportation targets and give them detailed information concerning the requirements at each and every shipping point.

However, in this larger field of better railroading we, of the board, while we do not have the jurisdiction and we do not feel we are competent to tell the railroads how to run their railways, have made representations to the railways urging the necessity of government action being taken to conduct a complete survey into the grain transportation movement. We are very conscious that with the advent of the large movement, which is going to take place to the west coast, of minerals such as potash, and sulphur and for which is going to be used the same type of equipment normally used for grain, something will have to be done to speed up the movement.

The railways are doing a much better job than they have ever done before. The advent of the diesel, of course, was a great improvement, so far as movement to the west coast is concerned. The movement of grain in recent weeks, not only to the lakehead but to Vancouver as well, has been up to full capacity of our terminals to unload and clean the grain.

It must be remembered at Vancouver, in particular, we have a different problem because all the grain must be cleaned at the terminals after it has arrived and before it can be loaded on to vessels. Out of Montreal, of course, we use the large reservoirs the capacity of which is 100 million bushels apiece. There, during the winter months we can clean and prepare the grain ready for shipment, so that we can expedite the movement out of the St. Lawrence and the Maritime ports much more rapidly than we can in Vancouver.

But, coming back to your suggestion, although we have talked individually with railway officials—we know they are undertaking studies and are making arrangements now for more power—we think this is a job which the Canadian government should be undertaking and that a thorough study should be made, particularly of the movement westward. Although they have made improvements on transportation along the single track, we do not think the yardage for spacing cars and stalling them consistently at the terminals to allow a full unload each day, is sufficient. But, other than give advice to other people on what we think they should be doing, we do not feel we are competent to tell the railways how to run their business.

Mr. WATSON (*Assiniboia*): What you say, Mr. McNamara, is possible quite true. But at the same time, the Canadian Wheat Board is responsible for disposing of the grain in Canada and as the, let us say owner of this commodity, do you not feel that we have a great responsibility too? True enough, transportation is the railways' business and I realize full well that we can not dictate to them but in view of the fact that we are in the grain business and they are moving our commodity and we have no other way of moving it, do you not feel that we could make strong recommendations, through the government, that we must modernize our grain movement facilities? I do not think there is any question about this.

Just the other day I happened to pass a train on the main line of the CPR—we all realize that the railways were completely forced out of the car transportation business—a whole trainload of these modern railway cars each carrying fifteen cars on one flatcar. We must modernize our grain system. These old 1,300 and 1,500 or 2,000 bushel cars are back in the horse and buggy days. We had these cars 30 years ago and today the farmers have modernized and gone up to 300 or 400 bushel trucks but the railways are still trying to do the same job with their old outmoded equipment. This is the reason I feel we must start thinking in terms of 4,000 or 5,000 bushel cars that can move grain fast. This is the key, so far as I am concerned.

You mentioned the double-tracking. In the last two or three years the CPR has just finished taking up their double tracks. I am specifically thinking of the stretch between Moose Jaw and Regina which are the two large cities in southern Saskatchewan. This is contrary to your thinking of what may have to be done.

Mr. McNAMARA: Of course the Moose Jaw and Regina grain normally, as you know, moves to the lakehead and we do not have the problem in so far as the movement to the lakehead is concerned. We have the capacities there to unload. We have been averaging 1,200 or 1,300 cars a day at Fort William so that the bottleneck to which I referred is more related to Vancouver.

You no doubt have in mind these special trains which have been instituted in the United States. This is a somewhat different movement from what we have in western Canada where we originate our grain at so many individual shipping points. Most of these special trains which are being used for moving grain are moving say, from Duluth to Buffalo, where they are unloaded at terminal elevators and they can move with dispatch. However, when you are going to a large number—I think we have about 2,000 individual shipping points in western Canada to pick up the grain—this operation is not quite as feasible as it is in the United States.

I am in complete agreement with you, Mr. Watson, and particularly in so far as the movement to the west coast is concerned; I think we are about ten years behind in transportation and other facilities which should be developed. You may be assured that, as a Board, we not only make strong representations to the railways to smarten up but we are urging the government and the Minister of Transport to accept our thinking that studies should be undertaken to deal with this problem.

I made reference to the St. Lawrence Seaway. I think it was a wonderful thing for Canada, particularly eastern Canada. However, I think we in western Canada are entitled to some kind of government leadership which will expand our mode and speed up transportation to the west coast because that is where the market for most of the products from western Canada is going to have to originate.

But, other than to give advice to people, we have no authority but we are certainly pressing both the railways and the government to take action in this regard.

Mr. DANFORTH: In other words, if they will not listen, there is not too much to be talking.

Mr. McNAMARA: Well, we put them on the spot, because at this last Russian negotiation when the Russians again confronted us with the problem of taking on another five million tons, which would bring our records for the crop year to 600 million, after protecting our normal markets, we called in the both the government and the railways and said: "Here is the business. If we sign it, can you guarantee it will be moved?" This does bring pressure to bear.

Mr. WATSON (*Assiniboia*): Mr. McNamara you referred to the American set-up being a little different from ours. Referring to the inland terminal elevators which we have at the present time, I have done a little work on this subject and I am going to specifically refer to the one in Moose Jaw and the one in Saskatoon, which are practically sitting there idle. Could we not make use of these elevators as a gathering point from the points all through Saskatchewan and have this grain coming into the terminal elevators to be cleaned up at the elevators. The facilities are there. I am specifically mentioning Saskatchewan at the present time. Have these trains operate from Saskatoon and Moose Jaw to the west coast.

I realize, as you said, that Moose Jaw or just west of Moose Jaw, is the breaking point on whether the grain goes east or west. But, in the fast movement of grain, I do not think it really matters whether you are hauling 100 miles—it is not 100 miles, the breaking point is possibly 50 miles west of Moose Jaw—if the facilities are there. This grain could be ready to be picked up quickly at a terminal elevator, such as I have mentioned, moved out to the west coast. This distance does not really amount to too much. I think we must change our thinking and use these terminal elevators which are sitting there because, as I mentioned before, at the present time they are just white elephants.

Mr. McNAMARA: You will remember, Mr. Watson that, during the period of surpluses and congestions, when it was a case of finding markets for the grain, we did fully utilize these interior terminals. But let me point out to you the conditions which exist today; where there are boats waiting at Vancouver and we are having difficulty in getting enough grain, to Fort William and enough lake boats to Montreal—if they ever open up Montreal again—to meet the ocean requirements, it is not good business to use boxcars to move grain into Lethbridge or Moose Jaw and shuttle them back, when that particular car is immediately needed at Vancouver or Fort William. I think it is a case of timing.

The other thing you must keep in mind is that under the set-up of these interior terminals, there are not only the additional handling charges but stop-off charges are assessed. We calculate that it costs the western farmer about 6 cents a bushel extra to put grain into these interior terminals and then re-forward it to Vancouver. Recently, and again because of the serious situation at Montreal, which is really causing us concern and will mean we will fall down on our commitments again this year and that we are not going to be able to equalize quotas, we are starting to utilize these government terminals solely to keep the railroads operating. The terminals at Fort William are beginning to be congested and if we get to a point where they cannot unload the grain, the railways will take their cars out of grain. So we are starting to utilize these terminals. In the last few days, we authorized the movement into Moose Jaw of some six wheats that we do not need immediately. We are now moving wheat into Calgary; we will probably move some into Lethbridge.



But the point I am trying to make is that when you need the grain at the seaboard it does seem to me to be good business to put it into Moose Jaw to build up a stock for some time in the future, when you are paying demurrage on a boat which you cannot meet at Vancouver.

Mr. WATSON (*Assiniboia*): You have missed the point here; I am not trying to confuse the issue by suggesting what should possibly be done, but that there should be greater action than there is at the present time. But this is in an over-all plan where, with reference to these trains I have mentioned, supposing we went into a modern transportation set-up, we would not then be tying up the local boxcars as we are now. They could be used for funnelling grain into these elevators and the railway would not lose by it. At the same time, we could have modern trains to take grain from the inland terminals to the west coast, and this would be their sole business.

Mr. McNAMARA: I can agree with this but, of course in doing so, we are opening up quite a can of worms, because if we have railway abandonment and we could utilize these interior terminals at Moose Jaw and Saskatoon for local distribution and assembly and probably change our methods whereby producers could deliver directly to these points. Then, we could certainly utilize these special trains, you have mentioned, to speed it up. But, when the railways have to service these branch lines and put in four or five cars here, there and everywhere, to my mind, once those cars are loaded, I would much rather see them highballed to Vancouver than go to Moose Jaw, be unloaded, then reloaded into another car and shipped out. I think this would be a poor use of transportation under the present set-up.

I would hope that some system can be evolved whereby the government would get rid of these interior terminals. I would like to see them in the hands of the pools and of the grain growers of the private companies, so that delivery of the grain could be taken direct from the farmers, without the use of transportation then cleaned and moved, with dispatch, to the west coast, where it is needed.

I do not think we are in disagreement on the advisability of utilizing these facilities, but the doubt in my mind is how it can be worked out to the best advantage under present circumstances.

Mr. WATSON (*Assiniboia*): Thank you Mr. McNamara. I have to leave now, Mr. Chairman, but I will be back.

Mr. BEER: May I ask a supplementary?

The CHAIRMAN: Yes.

Mr. BEER: We are all concerned with the expediting of this important end of our business—the export of our wheat from the west coast. I note, from the figures you gave us, that we increased our output by some 25 per cent. Now this, I assume, has been achieved—because the facility has not changed that much—by a more efficient use of the facility which is there.

Has this sponge been wrung dry or can we improve still further and achieve another 25 per cent? Or will we have to take drastic measures in order to bring about a further increase in our movement of grain?

Mr. McNAMARA: I think that more permanent steps have to be taken, Mr. Beer. The railways were unable to secure more cars and a number of cars which were slated for discard have been repaired and used for this service. They borrowed equipment from the American lines but I do not know how long we can retain it because the Americans are now having more difficulty in transportation problems than Canada not only on account of the Viet Nam situation, but because of their grain commitments.

The other thing is that we have enjoyed this year, as I said before, not only the best possible co-operation from the railways but from the elevator companies and the terminal operators. In February we sent 29.2 million bushels through those Vancouver houses which is five or six million bushels more than has ever gone through in the past. But this entails overtime work, which is a constant drag in these terminals which cannot operate at these capacities year in and year out. I would say that, while we are attaining new records this year at Vancouver, unless more and better facilities are there we cannot keep up a movement of this kind through the existing facilities.

Mr. RAPP: Mr. McNamara, you made a statement that you move much more grain to the west coast now than before. Could the Wheat Board not give some consideration to the moving of more grain through Churchill on Hudson Bay, in order that northern Saskatchewan, in particular, could ship their grain more quickly and in greater quantity than is done at the present time? We have never shipped more than about 20 million bushels through Hudson Bay and the farmers there have made statements to the effect that there are facilities to accommodate 35 million bushels at Churchill. Could not the Canadian Wheat Board give more consideration to this shipping port than in the past?

Mr. McNAMARA: First of all, I want to say that I do not think there is any organization in Canada which has done as much to support the movement through Churchill as has the Canadian Wheat Board. I think we have built the port, in so far as exports are concerned.

You must remember that the season at Churchill is very short. Navigation opens up at the end of July or early August and we have to have the boats cleared by October 15. However, more important than that, the markets which can be serviced out of Churchill are limited as compared with Vancouver. For example, it is not feasible for Japan, China or India to take wheat through Churchill and our expanding business is in these areas. Actually, the business we are enjoying in western Europe is on the decline due to the efforts of the French in finding better methods of utilizing indigenous wheat. We used to estimate we had a market of about 200 million bushels into western Europe. This market is not the expanding market; it is not the market of the future. Therefore, Churchill is, to some extent, ruled out from this expanded area unless something happens, which I cannot foresee at the present time, to change this.

Another thing to remember about Churchill is that the shipping season and delivery of grain from Churchill into western Europe coincides with the harvesting of their indigenous crops and these people are only prepared to take so much Canadian wheat at that time of year because, if they take more, they have to put it into storage and it becomes expensive for them. There is, therefore, a definite limitation on what we can sell there.

The other point which I think is very important and which I tell to my friends in the Hudson Bay Association, but I do not get through to them very well is that if you start pushing more wheat out of Churchill into certain markets, than that market can absorb that wheat becomes a bearish factor on the market and can affect the international price level. As you know, we compete with the United States and, at times, when wheat has been taken by the trade for movement out of Churchill, the buyers have been reluctant to buy it at that particular time and it lies afloat and unsold over there and becomes distressed wheat. They then lower the price, trying to get rid of it; and that has the effect of not only affecting all our price levels in the St. Lawrence and Vancouver, but our competitors look at this distressed Canadian wheat which has been offered in the U.K., U.S.A., or western Germany and increase their subsidy to meet that competition and we then lower our prices to meet our own competition.

I suggest very sincerely, in the interests of the western farmers and particularly the constituency you represent that although Churchill is very, very valuable, and we get premiums on the wheat we ship out of Churchill, nevertheless there is a definite limit on the markets we can expect to take wheat from Churchill. I have consistently pointed this out to my friends. When I first went into the Wheat Board I think we shipped about five million bushels out of Churchill and we got up to about a 22 million bushel bracket. You are two million short when you say 20 million. This year, again, we have sales in the neighbourhood of 20 million. I hope we will be able to expand slightly above that figure. However, under the present shipping program, we have to have a constant daily supply of 150 cars a day arriving at Churchill, the grain has to be cleaned and a boat has to be on the berth every day if we are going to complete the program which we have under way. Under existing conditions, we are running very close to the maximum capacity.

The CHAIRMAN: If I might interrupt, Mr. Rapp, just for a minute. I do not know what the Committee will think of this, but the Chairman has taken it upon himself to have coffee delivered here and we can take a ten-minute coffee break, after which Mr. Rapp can resume.

Mr. PUGH: While the coffee is coming around, Mr. Chairman, might I say that I have to attend a radio broadcast but have two short questions which I would like to put before leaving. Would that be all right?

The CHAIRMAN: Go ahead, but we do not want to lose our members.

Mr. PUGH: I would still have to leave as I already missed the last two. Does Canada ship via any U.S. port?

Mr. McNAMARA: No.

Mr. PUGH: Has that been explored?

Mr. McNAMARA: We used to enjoy quite a movement, in pre-war days, through the Buffalo outlet and through New York and Philadelphia but now, with the opening of the Seaway and the consequently cheaper routing, it is not advantageous for us to try and ship this way; it is more expensive.

Mr. PUGH: On the west coast, sir, I was thinking of Seattle and Portland?



Mr. McNAMARA: Well, unfortunately, in Canada we enjoy what they call a Crowsnest Pass rate and these rates will not apply to grain unless it is being exported from Canadian ports. If we were to route grain through Seattle, we would have to pay a local mileage rate, which would make it impossible.

Mr. PUGH: The other question sir, was with regard to the 1963-64 shipment sales. Did we complete our shipments during 1963-64?

Mr. McNAMARA: We had a carry-over, which is quite a normal thing. The Russians asked us to defer some of the shipments from the end of July into August. Our exports were 594. I think we had sales commitments in excess of 600 million, the same as we have this year.

Mr. PUGH: How does it look for 1964-65? Have we completed those sales?

Mr. McNAMARA: Oh yes, all our commitments for that year. Are you talking about 1964, 1965 or the current year?

Mr. PUGH: The two years: 1963-64, 1964-65.

Mr. McNAMARA: Yes, we have met all our commitments. Some of them ran into August but this is quite a normal thing; boats sometimes do not arrive and we always have a carry-over from one end of July to the other. We name it the cool period.

The CHAIRMAN: The committee will adjourn for ten minutes.

—Upon resuming.

The CHAIRMAN: Mr. Rapp, you had the floor.

Mr. RAPP: Well I got all the information I needed and I thank Mr. McNamara for the explanation he gave about the Hudson Bay Route Association and the port of Churchill.

Mr. CHAIRMAN: You got all the information you needed?

Mr. RAPP: I am quite pleased.

The CHAIRMAN: Mr. Jorgenson?

Mr. JORGENSEN: If Mr. Rapp has no more questions relating to Churchill I wonder if Mr. McNamara would tell us where most of our grain from the port of Churchill goes. Was any of it shipped to Russia?

Mr. McNAMARA: No. The bulk of our movement from Churchill has been going to the U.K., West Germany and western Europe. The Russians, contrary to what some of the statements made by my friends in the Hudson Bay Association that we did not try to sell wheat to Russia, discussed this question with us thoroughly in 1963-64. But, of course, it was late in September when they approached us and the season was rapidly drawing to a close. However, in the last negotiations they made a thorough exploration of the possibility of taking wheat out of Churchill. As a matter fact we have a letter from them which I will have to read some time if I am accused of not having raised the point. In this letter they said that after examining the situation, they were not prepared, at

this time, to take wheat out of Port Churchill. We hope that if they prove to be continuous buyers we can influence them to take wheat out of Churchill.

One of the most promising things this year, arises out of one of our contractual arrangements with Poland. The Poles have agreed, for the first time, to take three cargoes of wheat out of Churchill. As I told Mr. Rapp, if we are going to expand the movement out of Churchill, we have to find markets which can be serviced by Churchill, if they are interested in taking wheat during that short period. The damaging thing is that, just at the time we would be making delivery from Churchill, indigenous crops in these markets are being garnered.

Mr. JORGENSEN: Is there any problem in getting cargo ships to come in here? I am thinking particularly of imports. Is there any problem of getting ships to come into Churchill and pick up a one-way cargo or would it be necessary to have sufficient quantities of imports coming into the port of Churchill to make it profitable for the shipping companies?

Mr. McNAMARA: No. I think a lot of the future of Churchill will depend on export cargoes. But this is not necessarily a detriment to the grain movement. For instance in the case of Montreal, Mr. Lawrie can correct me if I am wrong, but I would think that 80 per cent of the bottoms which come to take grain out, come in under ballast. There is the problem of influencing shipowners to come in during the late part of the season. They do not like to come in after the first of October because they fully realize that if the weather turned against them, their ship would be icebound until next July, which would be a very expensive operation. There is a reluctance to come in at the tail end of the season although, in many years, we have been able to prove to them that navigation was such that they could have kept going for another month. But it is a very calculated risk for a shipowner to put a vessel into Churchill which might be frozen in and be there until next July.

Mr. JORGENSEN: Can they not buy insurance?

Mr. McNAMARA: I would think it would be very, very costly to do that. There was one boat which went down at Churchill and I am satisfied that the owners thought that was a good method of disposing of it.

The CHAIRMAN: The microphone is not picking up some of the voices so perhaps you are not speaking close enough to them. Mr. Korchinski do you have a supplementary concerning the Hudson Bay?

Mr. KORCHINSKI: Mr. McNamara, in your earlier statement about shipments out of Churchill, you seemed to indicate that you are not too fussy about having too much grain shipped out of Churchill because it may have an effect on the over-all pricing of grain. Is that correct?

Mr. McNAMARA: I do not think that was quite a fair interpretation of what I meant to say. As a Board, we want to do all the business we can out of Churchill because it is profitable to us. We get a premium on wheat we ship out of Churchill and this is reflected to the producers. I was suggesting there is a limit to the markets which can be serviced out of Churchill and that if you try to ship more wheat to those markets than can be absorbed, it has a bearish effect on over-all prices.

Mr. KORCHINSKI: Well, surely, when we have sales of the present magnitude, another five or ten million bushels is not going to influence the over-all pricing picture is it, Mr. McNamara?

Mr. McNAMARA: I would disagree. Last fall there were two or three cargoes out of Churchill at the end of the season—and we enjoyed a record year—that were unsold. The trade had purchased with the idea of remerchandising in western Europe and on the U.K. market. The prices at which this wheat, which then because distressed wheat, was sold justified some of our competitors in lowering their prices to meet the competition because this was what Canadian wheat was being sold for in the U.K. Some of the companies carried that wheat until very recently, before they were able to merchandise it. Storing wheat in Europe is much more expensive than it is in Canada and the losses they have taken on those cargoes made them quite reluctant to commit themselves so heavily this year on shipments out of Churchill.

Mr. KORCHINSKI: If this, then, is your interpretation, and I am not arguing with it, all I am saying is that the Hudson Bay Association then could not possibly look forward to greater quantities of shipments out of the port of Churchill, if they are going to have an effect on prices.

Mr. McNAMARA: Unless we can develop markets like Poland, Hungary, Czechoslovakia and probably Yugoslavia—areas which can be serviced out of Churchill. But markets like China, Japan, Hong Kong and other markets where we are building our business—

Mr. HORNER (*Acadia*): What about the Russian market?

Mr. McNAMARA: I think the Russian market, if the Russians would take wheat. But you must remember, Mr. Horner, that the Russian crop pattern is quite similar to our own. They have winter wheat but two-thirds of their production is spring wheat and their harvest time is in July, August and September, which coincides with ours. This is when they are trying to garner their own crop and, at that particular time of the year, they are very reluctant to import wheat in volume from any destination.

Mr. KORCHINSKI: I seem to recall, when you touched on the whole question of the negotiations which were under way back in 1963-64, your saying the shipping season was almost at a close and therefore there was no possibility of further shipments. I think there were grounds for some criticism there in that mention was not even made of the possibility of shipments being made out of Churchill the following year. My opinion is that you had in mind the pricing factor and you wanted the sales and therefore you were not going to affect the pricing of wheat just by selling it through Churchill. I think this was a secondary factor in your mind.

Mr. McNAMARA: I must completely disagree with your statement on that because fortunately for us, in our negotiations with the Russians, and primarily due to the fact that maybe we were the only source of supply in the volume they wanted, our price negotiations were not difficult at all nor was the fact that we had grade options.

We told them that if they wanted five million tons they would have to give us the right to deliver any grade of wheat we could get into position at the



me any particular boat came in and they bought this. And while they went through the manoeuvres of a good buyer, by negotiating in price, we made no concessions in price at all in 1963-64 nor did we make concessions last year, in so far as price was concerned. So the pricing factor was not involved; it was the shortness of the season in 1963-64, and although they examined the question and did promise us that if they were going to be in the market the following year they would give serious consideration to trying to put some boats into Churchill early in the season, their shipping people were also reluctant and worried about the danger of the boats being trapped after October 15. In the meantime, we not only discussed it at the last negotiation but Mr. Vogel and Mr. Treleaven had been in Moscow previously and again raised the question of Churchill so the Russians were fully conversant with the question. They know much more about shipping out of Churchill than I will ever know because they are knowledgeable people and they go into such things very carefully.

We were disappointed in this last negotiation when they advised us that the circumstances were such that they could not contemplate taking wheat out of Churchill. However, again they promised us they will keep it under review. I am hopeful that if it develops that they are going to require wheat again next year, we may be able to influence them because if we could get Russia to take wheat out of Churchill at that period of the year—and there is no geographic reason why they should not—we would make delivery. This is the hope for expanding Churchill business.

Mr. KORCHINSKI: I have another question in relation to the sales to Russia. I do not know whether or not there is any truth in this recent rumour, but I wonder if Mr. McNamara could tell us whether the Russians have indicated that they may hold off future purchases of wheat in the advent of controversy or adverse publicity which they may suffer as a result of inquiries and so on.

Mr. McNAMARA: I would hope I would be in a better position to answer this question in a few weeks because I am leaving at the end of the week for Moscow, as a member of the negotiating team on the trade agreement, and this will give me the opportunity to discuss these problems with our Russian friends.

However, up until a month ago the Russians were showering Canada with praise on the delivery and the manner in which we had expedited their shipments. In fact, we were not only on schedule but considerably ahead of schedule, up until a few weeks ago. But of course, now they are very dissatisfied because they have 23 boats waiting for wheat and it is expensive when you charter freight and cannot get delivery. The Russians therefore are now very dissatisfied and I can understand this dissatisfaction because, as I tried to explain earlier, this is the period of time when they need imported wheat. Their new crops will be coming in and they will not be so dependent upon the imported wheat. There is no doubt in my mind that the delay at this time, in Canada meeting her commitments is going to have far-reaching effects against Canada. We know from our experience last year in Vancouver, when our shipments were delayed and we had strike conditions there, that we have not yet recovered from the effect of those strikes. Because many buyers who normally were coming to Vancouver with confidence are now reluctant and are asking a lot of questions before they will enter into commitments from Vancouver. We also know that shipowners are now charging a higher freight rate

from Vancouver than previously prevailed, which is making the Vancouver wheat more expensive and not as attractive as it was before. I therefore cannot minimize, gentlemen, the damage which is being done to Canada's reputation, through our inability to meet our commitments as a result of these strikes which have developed.

Mr. KORCHINSKI: Thank you for answering the way you did, but I was referring to the Russian suggestion that the Canadian government is apparently not putting a damper on the idea that Russian spies are active in Canada, and that sort of thing.

Have you any indication, at all, from the Russian authorities that, because of this idea, they may have to look for their wheat elsewhere? Any indication at all?

Mr. McNAMARA: No. You must remember, Mr. Korchinski, that although we are a Crown corporation we are a commercial organization as well. Our counterparts in Russia Exportkhleb and I would say that no organizations in the world enjoy a more friendly and harmonious relationship than the Canadian Wheat Board and Exportkhleb. They have a permanent representative in our office who works with Mr. Rowen in programming the ships and, as I say, until this unfortunate situation recently developed, the Russians made it very clear to us that, so far as they are concerned, we are the country they like to deal with because, not only have they confidence in our grading system, but we have always met our commitments to them on schedule. In fact we have been able on many occasions, to preship to them.

I am hoping, when I get to Moscow next Monday, I will find the relationship between our two commercial organizations to be just as friendly as it has always been in the past. I cannot speak for the diplomatic relationship between the governments; this is outside my sphere of knowledge.

Mr. KORCHINSKI: This has not affected the future prospects at all?

Mr. McNAMARA: I certainly hope it will not.

Mr. KORCHINSKI: The next question I have is in relation to meetings which were held last year. You will recall that there was some congestion and accusations were levelled at the Wheat Board that they were not doing enough to move grain and then the railways were accused of not providing cars, and so on. The government called a meeting at Winnipeg, I believe, and as a result of this meeting, a wonderful communique was received to the effect that nobody was to blame, and so on. What really went wrong there and what is the story now?

Mr. McNAMARA: I would say that we, as a Board, must take quite a share of the responsibility for the situation which developed at that time. As mentioned earlier, when we entered into this large commitment with the Russians in August, we met with the railways and, in trying to assess for them what transportation would be required, we told them the movement would have to equal that of 1963-64 which was the largest previous movement in history. Both railways gave us assurances they would meet this movement and it was also agreed we should try to speed up as much as we could and get as much as possible shipped before the close of navigation.

They asked us to set up a program for them. We set up a program to the close of navigation, which they claimed was unrealistic and, in fairness to them, was unrealistic because, normally, we find, particularly with the Canadian Pacific Railway, that their ability to move grain is greater in the spring and summer months than it is in the fall months prior to the close of navigation when so much other general traffic is moving. They fell short of the target. They made no commitment to meet this target, except on an over-all basis.

As I mentioned earlier, we asked them to preference the short haul, to move as much grain as possible. We were chartering freight; all the boats were available and we tried to get a big movement started. They concentrated in Manitoba and in southeastern Saskatchewan and we starved western Saskatchewan. This created congestion and problems and natural and justifiable criticism from producers who could not deliver.

I know there was a lot of criticism from some of my friends in Alberta. I do not think it was quite as justified because, in the past, Alberta enjoyed advance quotas over Saskatchewan and this year they were back into a more normal situation as compared with the other provinces. That situation is rapidly being remedied. I have a quota statement here, giving the quota situation as at June , which shows that we have only 100 stations still on the six bushel quota, comprised of 11 in Manitoba, 45 in Saskatchewan and 44 in Alberta. We have 51 stations now on the eight bushel quota and 1131 on the ten bushel quota. In so far as marketings are concerned, this is the total quantity of grain not related to quotas, that farmers would like to market; the total production they would like to have delivered if facilities and transportation were available. This year totals nearly 900 million bushels of all grain. Manitoba has delivered 70 per cent of that objective; Alberta 63 per cent of that objective with 62 per cent of their wheat delivered, whereas Saskatchewan has reached only 53 per cent of the total objective. I suggest that Manitoba and Alberta are doing quite well and, once again, Saskatchewan. You must remember, gentlemen, that this where the large block of wheat is located—in Saskatchewan.

This year the transportation problem is accentuated because, production-wise, there was a larger than normal percentage of our crop shipped on the Canadian Pacific Railways than on the Canadian National Railways. Normally, we anticipate the movement should be about 55 per cent CPR and 45 per cent CNR. But this year the production figure is closer to 60 per cent CPR and 40 per cent CNR and if, as we had hoped, we could equalize an official quota before this strike developed, it would have meant that the CPR would have had to move about 62 per cent of the balance of the grain and the CNR only 38 per cent.

This disruption in the normal pattern of production has thrown a heavier than normal burden upon the Canadian Pacific Railway. But they are meeting the challenge and, in fact, during the past two weeks we have had by far the best movement of grain out of elevators than has ever in the past been enjoyed in western Canada.

Mr. KORCHINSKI: To return to the meetings between the railways and the government, do you have a regular schedule for these meetings? I am sure there are consultations at all times, but do you have a regular time, say, once every two months or so, when you meet and discuss the problems you are encounter-



ing. For example, the strike will no doubt create problems for the Wheat Board and for the transportation companies. Do you have a definite date set aside for a meeting to work out these problems?

Mr. McNAMARA: Normally we do not have definite dates, although we periodically bring out transportation documents and an assessment of the situation. We have arrangements with both railways where their vice presidents located in Winnipeg are on call for consultation with the board and we have many meetings throughout the year.

Last year, when we ran into these difficulties, the government set up a grain transportation committee and I was asked to act as chairman of it. It was represented by vice presidents of both railways and by senior personnel of the grain companies. We met on a regular basis all last fall. At the present time we are adjourned to the call of the Chair. When a situation develops I am free to call a meeting at any time.

A similar arrangement was made by the government through the Department of Transport last January at Vancouver, where they set up a special transportation meeting which met on a regular basis but is now adjourned to the call of the chair. We do plan on meeting, not on a regular date, but whenever a situation renders this necessary.

In addition, we have met with the railways on a government level and advised them of our outlook for the future. We have anticipated the increased movement of grain and have alerted them as I mentioned earlier, that July 31 is just another day, so far as we are concerned. We must keep railroading right up until the close of navigation because I am confident that we can do more than 400 million bushels next year, even if Russia does not enter the market. We try to keep the railways closely posted regarding the problem and our requirements.

In addition to this, on a weekly basis, we furnish the railways with sufficient copies of a document they can distribute to all their dispatchers showing the individual quota, the stocks in store and the number of cars and the shipping order of every individual shipping station so that they can keep track of what is required at each individual shipping point, to try to equalize quotas.

Mr. KORCHINSKI: Have you any idea what kind of a backlog is developing as a result of the strike? Have you a daily or an over-all picture of the situation today?

Mr. McNAMARA: In so far as the railways are concerned, the problem is just now becoming acute. We have, today, I would estimate, about 63 million bushels of grain in the lakehead terminals.

During the winter we built that up to about 85 million but when you reach the 63 to 65 million bushel level, some of the terminals become congested. With the lake fleet now tied up mostly at Montreal with grain that cannot be unloaded because the terminals are filled, there are only a limited number of vessels coming into Fort William and these stocks will increase rapidly.

I am very, very concerned that unless the Montreal strike is settled immediately—and I do not mean tomorrow or the next day, because we are already in trouble which, I am sure, will mean we will not be able to meet our

commitments this year—I do not think it will be possible for us to equalize the quotas at the ten bushel level, which we were confident we could do two or three weeks ago.

But if the terminal at Fort William becomes congested, it will mean the railways will have to pull cars out of the grain movement. Once they are out and the railways start returning some of the borrowed equipment to the United States, we will be in very, very serious difficulties.

Mr. KORCHINSKI: Have the railways given you any indication that they will be doing that shortly?

Mr. McNAMARA: They have not said they will be doing it but they have advised us of their problem.

The CPR have about sixty-five hundred cars with a load for Fort William of about 13 million bushels en route to Fort William. The CNR have about 2300. And they cannot keep up a movement of this nature unless we can unload these cars. So that I would say that within the next week or ten days, the railways will be forced to cut down on the loading in the country unless we can provide relief at the terminals and, in order to do that, we must get the grain out of Montreal and we must get these lake boats back to Fort William so that we can empty the terminals again.

Mr. KORCHINSKI: Were your orders going out up until the strike developed?

Mr. McNAMARA: Yes, yes, we still have orders. We have orders now, at practically every shipping station in western Canada which would provide sufficient space to take the ten bushel quota.

Mr. KORCHINSKI: Now I understand that you have an order out that if any farmer has tough grain or any grain that may go out of condition, over and above the ten bushels, an exchange program can be worked out. Is this an indication that the Wheat Board does not expect to take delivery of anything beyond that point?

Mr. McNAMARA: Yes. That is our policy. I have a statement here on the quota situation which I might read now, if you wish, and file with the Committee. Our expectation was, and we were confident of this, as a result of a recent questionnaire which had been completed, that we could equalize and give all producers in western Canada, at every shipping point, the opportunity of delivering the equivalent of a ten bushel per specified acreage quota. But this is now going by the boards because of the very fact that the movement is going to and has slowed down. I do not think this will be possible, so that instead of accomplishing this objective, I am afraid there will be a number of points in western Canada, particularly on the CPR, which will probably still be at eight at the end of the season. We will still try for the ten.

With regard to this tough grain, we went to the ten bushels level early in the winter and allowed producers, regardless of their regular quota, to deliver up to ten bushels in order to get this grain and try to salvage it. But due to the fact that we cannot go over ten bushels, and I doubt now that we can even go to ten, we have originated a policy where producers who have tough or damp grain, in excess of the ten bushels, will be allowed to exchange it by just paying the spread between the straight grade price and the tough grade price.

They can deliver their tough or damp grain, get it conditioned and take back dry grain. This is expensive for them, it costs them some money but at least it does provide a policy under which they can salvage grain and not have it spoil on the farm on account of the moist condition.

The CHAIRMAN: I think, Mr. Korchinski, that the delivery quotas come later on in this report and we are way off our track right now. Whether we need to double track here right now, Mr. Commissioner, I do not know, but if you could wait until we reach that point, I think it would be more appropriate. We hope to deal with that later this afternoon.

Now Mr. McLelland has been patiently waiting. He told me he had one question, is that right, Mr. McLelland?

Mr. McLELLAND: Yes, I just have the one. I would like to ask this: demurrage charges were explained earlier, as far as ships were concerned. Now, under any special arrangements or conditions, is any railway in Canada ever paid demurrage charges at any port or place, in connection with transportation of wheat?

Mr. McNAMARA: Yes, the railways normally collect demurrage on the movement of other commodities when the cars are not unloaded. A few years ago, I am not sure of my date, the Board of Transport Commissioners authorized the railways to assess demurrage on cars of grain which were not being unloaded and which were being held on track at terminal position. But the government of the day and the current government, I believe, have not allowed that policy to be implemented. At the present time the railways do not collect demurrage on cars of grain which are in terminal position and are not being unloaded.

Mr. McLELLAND: This strike at Montreal will not—

Mr. McNAMARA: Very little of the grain which goes to Montreal now goes by rail; most of it goes down by water.

Mr. MUIR (*Lisgar*): Mr. Chairman, we have been talking about the distribution system and I would like to have Mr. McNamara's ideas on our collection system but, first, I would like to clear up this matter of demurrage.

During the strike as he has said, there are no demurrage charges back to the wheat board. But supposing the strike is over and the boats start to come and dock at your elevators, do you then pay demurrage on the ones that are sitting waiting out in the channel?

Mr. McNAMARA: Yes, as Mr. Vogel explained, if, under the terms of our sales contract, we are in default, which means that we have not got the grain in the elevators to deliver to the boat when it arrives and gets a berth, in accordance with the terms of our contract, then we become responsible for the demurrage which is incurred after lay days have expired.

Mr. MUIR (*Lisgar*): My other question on demurrage is this: there is no possibility of having these ships re-routed to, say, Baie Comeau or the Atlantic ports and then get them unloaded and back to Fort William?

Mr. McNAMARA: We have been very fortunate that we have been able to program a fairly consistent movement of grain through Baie Comeau and Sorel



which, fortunately, are not strikebound. In fact, our exports from those two outlets have been very satisfactory. If we divert a boat to Baie Comeau which was originally destined for Montreal, it is a hot cargo and we are just encouraging the longshoremen at these other ports to go on strike. So that whereas in loading our lake boats for the St. Lawrence, we can put them into a port, we cannot do this with ocean boats which are billed to Three Rivers, Quebec or Montreal, because if we divert them into these other ports, the longshoremen will immediately go on strike, as these will become hot cargoes.

I think that Mr. Rowan has been very tactful in trying to keep these ports open and we have been doing very satisfactory business out of these two minor outlets as compared with the whole St. Lawrence. But it is something which must be handled with a great deal of care because we do not want to incite a strike at these ports as well. Then we would be completely in trouble.

Mr. MUIR (*Lisgar*): The railways are asking for a great deal of abandonment of their branch lines across western Canada. Do you not think that some of the branch lines which are scheduled to be eliminated contributed a great deal to the facilitating of the export of our grain in the past two or three years? mean in the collection of the grain?

Mr. McNAMARA: I would really like to duck this question because I cannot find anything in our act which gives us any responsibility in this but, to be honest with you, there is no doubt that these lines have proved valuable in the past. However, in the method of speeding up transportation and calculating requirements along the lines of the suggestions made earlier regarding special trains from concentrated points, I can see a development in the future whereby we could speed up our transportation if we had larger units on main lines. If terminals, say, instead of a country elevator capacity of 40,000 or 50,000, consisted of half a million bushel houses, which they are now building in the United States, where a whole trainload can be unloaded into an elevator and moved off, then such a development could be advantageous to the movement of grain for export. But, as I say, this is not my field, so do not get me involved in the controversial question of branch line abandonment.

Mr. MUIR (*Lisgar*): Well, I will try not to do that, but I think the fact that you are going to have large central elevators, is going to mean that most of the farmers will not be able to make any deliveries during harvest, because the local elevator, of course, is convenient; they can take their grain over to it and dump it, and that is it. Central elevators mean more storage on the farm. Perhaps a farmer would be able to get his grain delivered to these central elevators later, but I do not see how they are going to improve the collection of grain because even one large elevator is not going to dump grain much faster than 25 small ones.

Mr. McNAMARA: I think there would be some advantages, Mr. Muir, for example in cleaning grain. If we could be utilizing the government terminal at Moose Jaw and the other terminal at Saskatoon as a delivery point for producers, the wheat could be taken there and cleaned to export standards in those terminals. Then it could be routed to Vancouver and just have to go right through the terminal onto a boat. This would accelerate the movement, as far as we are concerned. There are some advantages in so far as transportation is concerned.

Mr. MUIR (*Lisgar*): Thank you, Mr. Chairman.

Mr. HORNER (*Acadia*): Mr. McNamara, with regard to port facilities at Vancouver, on which you touched on earlier, people in my riding are assuming that the harbour there is partly privately owned or mostly privately owned.

Mr. McNAMARA: The National Harbours Board owns it.

Mr. HORNER (*Acadia*): But the National Harbours Board does not own it all. Am I right?

Mr. McNAMARA: No, the Alberta Pool and some of the Pacific terminals are privately owned.

Mr. HORNER (*Acadia*): Would it facilitate the over-all planning of the Vancouver port—you suggested it needed overhauling and modernizing to quite an extent—if the entire port was taken under the control of the National Harbours Board?

Mr. McNAMARA: I would say not. I would feel that if the entire port was controlled by the pools and by the united grain growers in the country who have the country elevators, and if they owned these elevators and they were spending their own money to modernize and put in more cleaning equipment, then the operation would be more efficient than it is on the lease basis, as it is at the present time. People who are leasing for filling seem to be very reluctant to modernize and to put in new equipment.

If I was a Czar, and could have things all my own way, I would like to see all these facilities owned by the company which originates the grain and they would direct it and be responsible for the upkeep of their elevators.

Mr. HORNER (*Acadia*): But how would this aid in the complete over-all planning of a modern port as at Vancouver, if part and parcel of it was individually owned.

Mr. McNAMARA: I was hoping that this would be given some consideration and that some kind of a consortium could be arranged between the pools, the grain growers and the farmers companies whereby they would operate a group of terminals and would put all their Durum in one elevator and all their other grades in others. This would certainly facilitate matters from our point of view.

Mr. HORNER (*Acadia*): In other words, you are suggesting that the elevator companies should get together on their terminal operations?

Mr. McNAMARA: Particularly the co-operative elevators should do that. The situation in Vancouver is that the private companies are operating as a consortium now. The Pacific terminals are handling for all their line companies. They are directing their supplies into certain elevators and this certainly facilitates shipping, so far as we are concerned.

Mr. HORNER (*Acadia*): I have been told, with regard to port handling facilities, that there is a backlog of screenings out at Vancouver and this is tying up considerable elevator space.

Mr. McNAMARA: I do not think this is the situation right now, Mr. Horner. In the past, we have dumped screenings into Lake Superior and we have

dumped them into the Pacific Ocean when there was not a market for them. However, in recent years pelleting of screenings has become a very large and profitable business and the dockage which is screened out of grain along with dust and other commodities is put in the form of pellets. There has been no problem of accumulation of screenings at these ports. This is no longer the headache it used to be a number of years ago.

Mr. HORNER: I have a question concerning the strike at Montreal and the ports on the St. Lawrence. You suggest that it should be settled immediately, or else Canada's position in the world wheat market may not be quite so favourable in years to come. Do you think that compulsory arbitration should be brought in and boats should be loaded?

Mr. McNAMARA: Well this is a question which is really beyond my scope of knowledge. However, as the Board responsible for merchandizing western Canadian grain, we feel the strike should never have occurred, because we are falling down on our commitments. As I say, Russia, Germany and other countries want out wheat now, not when their own harvest comes in. The government has devoted a very generous aid program to India, where the grain is desperately needed to avert starvation, and we have a program of about 25 or 26 million bushels of wheat destined for India scheduled for July shipment. This grain is not yet in position at Fort William and, if we cannot get it down there, it is going to be delayed and I think this would be a tragedy in the eyes of the world. It is going to mean that producers will not have an opportunity of merchandizing their grain. So that I cannot sufficiently emphasize the seriousness of the situation so far as the Board is concerned. I am satisfied—and I regret very much having to say this to you—that it is going to mean we are going to fall down on our commitments.

We had sales in excess of 600 million bushels which we could have delivered. We will not meet this objective. Customers are going to have wait for their wheat. It is going to be costly for them. We will probably not be able to deliver under the agreements we have made to meet commitments and it is going to be impossible for us to equalize delivery quotas. Every hour this strike goes on, it is worsening our position.

As I said before, we must remember that it is not just a question of the current position but the effects of it on our reputation. We have always enjoyed a very favourable reputation as compared with any other exporting country in the world, for meeting our commitments. But this year we are going to fall down. There is no doubt in my mind that this strike is going to have a long lasting effect. It will again require a number of years of excellent performance before the confidence of the buyer in Canada's ability to deliver grain is restored.

Mr. HORNER (*Acadia*): Thank you, Mr. McNamara, for being so fair and giving such a full explanation on that. Just one more question with regard to over-all pricing of our grain. Does the grain exchange still operate or act as a pricing indicator? Am I right in assuming this particularly, with wheat, oats and barley?

Mr. McNAMARA: No, not in so far as wheat is concerned. The term "grain exchange" which you are using, is really a misnomer. The grain exchange is a



group of firms, including representatives of the Board, that provides a meeting space where we negotiate our transactions on freight and we arrange our shipments and things like this.

But in so far as wheat is concerned, no operation of a futures market affects the Canadian price of wheat. We, as a Board, determine our price of wheat and we set our price of wheat daily at the close of the market at the Winnipeg Grain Exchange.

This is not true in the case of oats and barley because we have elected to sell our oats and barley based on shore at the lakehead, Fort William or Vancouver. We use the futures market when we think it is advantageous to do so and at other times we sell flat and disregard the futures market. There is no market factor involved with wheat.

Mr. HORNER (*Acadia*): What remarks have you with regard to the pricing of flax, rye and rapeseed under the Wheat Board? How would this affect the pricing and marketing of these commodities?

Mr. McNAMARA: Well, Mr. Chairman, again I anticipated such a question and, for the records, I would like to make a statement on behalf of the Wheat Board because I know this is something which is being considered at the time.

#### Statement on rye, flaxseed and rapeseed

For the Board to assume marketing responsibility for rye, flaxseed and rapeseed would, of course, require an amendment to the Canadian Wheat Board Act. The decision therefore becomes one for Parliament to decide. Speaking for the Board, I would say that, if our Act were amended and if we were thereby instructed and authorized to market rye, flaxseed, and rapeseed, I am confident that we could carry out the responsibility.

There are, however, some comments I should make. Firstly with respect to rye, the problem would be comparatively simple because the marketing conditions for rye are similar to the conditions which prevail for the grains which we now market. The quantity of rye marketed by Western producers is so small that I might question whether it is in fact worthwhile to set up Board marketing for such a limited volume.

I would like to deal in greater detail with the question of flaxseed and rapeseed. Both of these are, of course, oilseeds. Rapeseed in particular appears to be of great interest to our producers and could possibly occupy a more important position in western Canada in the future. Even anticipating a major increase in acreage, however, our production of these oilseeds would still represent an insignificant proportion of the world production of oilseeds, some of which are soybeans, peanuts, copra and others, most of which are substitutable, the one for the other. Producers who are advocating that the Board should market oilseeds should be very much aware that, in so doing—and this applies more to rapeseed than it does to flaxseed—the Board would in fact be a very small factor in the world marketing picture and would have little or no effect on marketing and pricing to the degree which we often had with our

other grains. The fact that Canadian oilseeds would be such a small factor would necessitate a very different type of marketing operation. Instead of being a price leader we would in effect only be trying to follow international oilseed prices and achieve an average for the producer. It would also probably mean the Government would have to be extremely careful in establishing the level of initial payment.

An oilseed operation would be a much different problem from our usual grain operation. The problems would be of a different nature. Internationally the world of oilseeds is entirely different from the world of grain. The customers are different. The conditions and the contractual responsibilities are entirely different. It would therefore involve the establishment of a completely new operation within the Board. Oilseeds internationally tend to be subject to sudden and extreme changes in price and in marketing conditions.

Having stated the problems as we see them, I can only repeat what I have said before—that this is a decision which Parliament must take. If it is the decision of Parliament that the Board should be responsible for the marketing of rye, flaxseed and rapeseed, we would of course do our utmost to carry out the new responsibility.

Mr. HORNER (*Acadia*): One more question concerning pricing of oats and barley. Would the setting up of an eastern feed grain board conflict—

Mr. JORGENSEN: We seem to be getting ahead of ourselves because this comes under a different section.

The CHAIRMAN: Mr. Jorgenson is right because barley comes under another section.

Mr. HORNER (*Acadia*): There is not a special section for barley.

The CHAIRMAN: Could we try, Mr. Horner, to stick to the subject which, at present, is the international wheat agreements and general accounts.

Mr. HORNER (*Acadia*): Well, I want a general comment from the Chairman of the Wheat Board with regard to the setting up of another board to handle feed grains in eastern Canada.

The CHAIRMAN: This is not international is it?

Mr. HORNER (*Acadia*): Not necessarily international, no, but it has an effect on international sales. All grain has to move through the Seaway. If you want to rule the question out now, I will ask it later on.

The CHAIRMAN: Well I think it would be better. I do not want to be too strict but I think it would be better if we waited until later on in the day to discuss this policy or suggestion, whatever you may call it. Have you any other questions at this time, Mr. Horner?

Mr. HORNER (*Acadia*): I have no further questions at this time.

The CHAIRMAN: Mr. Clermont has a supplementary.

Mr. CLERMONT: What is happening to shipments to Great Britain, because of the strike there?

Mr. McNAMARA: Most of the grain which has been moving from Canada since the strike originated in the United Kingdom, has been on foreign flag vessels which can be unloaded. That is right Mr. Rowan is it not?

Mr. ROWAN: That is correct.

Mr. McNAMARA: As a result, so far the strike in the U.K. has not affected us except that of course, with our present strike in Montreal, we cannot even load foreign flag ships. But most of the grain which we have been able to clear to the U.K. out of Baie Comeau and the other ports which are not strikebound, have been foreign flag and not U.K. vessels, and they have been unloaded.

Mr. CLERMONT: But if that strike continues, can our shipments be delayed?

Mr. McNAMARA: Well, any strike which ties up ocean vessels, reduces the availability of freight and makes it much more difficult and expensive to charter freight and it will have an effect on our program.

For example the Indians have now chartered freight in large volume for July and, to the extent that these boats are strikebound and not available, it is going to retard the shipments.

Mr. CLERMONT: Will it take long to regain the lost time if the strike continues—as has been mentioned—for three weeks or a month?

Mr. McNAMARA: I just cannot visualize the situation we will be in, if it keeps on for another week, much less for two or three.

The CHAIRMAN: Could I clarify this Mr. Clermont? Do you mean in Britain?

Mr. CLERMONT: Yes.

Mr. McNAMARA: Well, as I understand it and I am not as conversant with this as I probably should be, but in Britain they are allowing foreign flag vessels containing foodstuffs to be unloaded, so it is just the British marine which is being tied up.

(Translation)

Mr. GODIN: Thank you Mr. Chairman. Mr. McNamara, to what should we attribute the high quality of Canadian wheat? Is it to the types we grow, to our climate, to the storage to screening or what? Could France improve to such an extent that she would be an important competitor for us on the European market?

(English)

Mr. McNAMARA: Mr. Rowan could answer this in your own language but if you do not mind our answering your question in English, I would prefer Mr. Treleaven, who is an agronomist and is much more capable of answering this question than any of us. Mr. Treleaven would you like to deal with this question?

Mr. D. H. TRELEAVEN (Commissioner, Canadian Wheat Board): Well, Mr. Chairman, as I understand the question, it refers to the particular quality of Canadian wheat and the factors responsible for this quality.

There are three basic factors responsible for our particular quality in Canada. The first is the climatic conditions under which it is produced in



western Canada. The second is the particular fertility of the soil which we have in western Canada and the third is the breeding program for specific varieties which have been developed in western Canada.

Of these, perhaps the third is at least as important as the other two. In Canada scientists have specifically been breeding very high quality wheat in terms of their milling and baking qualities. We have the climatic advantage of producing spring wheat which has a very high protein content. Now these are the two factors—protein content and milling and baking qualities—which are of particular interest in most markets of the world and particularly those which are producing low-protein wheat, as in Europe.

The European wheat production is largely a winter wheat. The yields are larger but the quality is very much inferior to that of Canadian wheat and the protein contents range from 9 to 10 per cent or 8 to 10 per cent, whereas the protein content of Canadian wheat averages about 13.5 per cent and can range up to 15 or 15.5 per cent.

In answer to the second part of the question all of the European countries such as France and western Germany, and the United Kingdom in particular, have endeavoured to breed new varieties which would give them the same milling and baking qualities and corresponding protein content to the Canadian varieties. However, they have not been able to achieve this because of the influence of climate in these particular areas. Where there is a much higher moisture efficiency and where yields are very much higher, the quality of the wheat tends to be lower. Although they have made limited progress in this area, they do not begin to meet the quality of western Canadian varieties.

The CHAIRMAN: Is that all, Mr. Godin?

Mr. GODIN: Yes, thank you.

The CHAIRMAN: I think we will discontinue our line of questioning at this time and adjourn until 3.30 p.m., or when orders of the day are done, and we will meet in Room 371. Not this room, but 371, which is the other caucus room on the other side of the building. Mr. Clermont?

Mr. CLERMONT: I believe you are calling a meeting for eight o'clock tonight but the Finance Committee is meeting also at eight o'clock tonight.

The CHAIRMAN: Well, they should not be meeting, because we arranged this meeting a week ago. Somebody is slipping their gears.

Mr. CLERMONT: I do not know if they will go ahead, but before I left that committee there were questions that this committee will meet at eight o'clock tonight. Is that so?

The CHAIRMAN: There is no question about whether or not we will meet. We are going to meet at eight o'clock tonight.

Mr. CLERMONT: I am not speaking about this committee, which will meet at eight o'clock, but maybe you can discuss it with the other chairman?

The CHAIRMAN: Regarding whether or not they should meet? I will do that.

The committee adjourned.

## AFTERNOON SITTING

● (3.50 p.m.)

The CHAIRMAN: We will start the meeting. I do not know what the wish of the Committee is. We have ranged all over the field. Do you want these items completely read in detail or summarized by Mr. McNamara as we go along? We will continue with the procedure which we followed this morning.

Mr. McNAMARA: 2. *International Wheat Agreement*

The fifth International Wheat Agreement, negotiated in 1962 and due to expire on July 31, 1965, was extended by protocol without amendment for a one year period. The extension rather than a renegotiation was agreed to because negotiations were underway for the development of a more comprehensive cereals agreement in conjunction with the "Kennedy Round" of the General Agreement on Tariffs and Trade.

Numbered among the members adhering to the International Wheat Agreement during 1964-65 were 39 importing and 10 exporting countries. One of the exporting countries, the U.S.S.R., applied for relief from its export obligations for the crop year. In view of the general supply position the Council approved the application.

The following is a statement of commercial sales of wheat and wheat flour by member exporting countries to member importing countries in 1964-65:

Exporting Member	Quantities (thousand bushels)	% of Total
Argentina .....	116,424	19.5
Australia .....	66,201	11.1
Canada .....	207,603	34.8
France .....	39,847	6.7
Italy .....	6,967	1.2
Mexico .....	—	—
Spain .....	2,406	.4
Sweden .....	7,407	1.2
U.S.S.R. ....	2,572	.4
United States .....	147,550	24.7
Total .....	596,977	100.0

Source: International Wheat Council, Record of Operations, 1964-65, November 3, 1965.

The total commercial exports under the I.W.A. declined by more than 73 million bushels from its 1963-64 level. There were also some shifts in the percentage shares of the total held by the various exporting countries. Argentina's share rose by 10.8 per cent, while the percentage share held by the U.S.A. fell by 7.5 per cent. Although Canada's share declined by 1.8 per cent, she was still able to maintain her position as the largest commercial wheat exporter under the I.W.A.

The CHAIRMAN: Are there any questions concerning this?

Mr. JORGENSON: The last paragraph states that our share declined by 1.8 per cent. Although I do not want to belittle the efforts of the board in reaching the point of 34.8 per cent of the total commercial market because I think this is a record that the board can be very proud of, I was just wondering what the reason was for this decline in our share of the total commercial market?

Mr. McNAMARA: I think, Mr. Chairman, if Mr. Jorgenson will refer to the earlier paragraphs in Part I where we have referred to the improved crops in western Europe and in some of the traditional markets such as West Germany where their imports were down, he will see that that accounted mainly for the lower quantity and quality of wheat which they purchased from Canada.

Mr. PUGH: In reference to GATT and the International Wheat Agreement, I do not quite understand this business of subsidy. We heard of heavily subsidized grain from France this morning, and I take it the United States and others do subsidize fairly heavily off shore. Is there not a general restriction under GATT that there will not be subsidies in order to be more competitive price-wise?

Mr. McNAMARA: Yes, I think this is correct. If my explanation is not completely accurate, I will ask one of my colleagues to supplement for me. That was the case of the United States, they had an exemption on their grain under GATT at the time it was approved, so that their export subsidies relating to wheat and flour have not been in contravention of the GATT regulations. In the case of the common market, the provisions allow for subsidies and it is not in contravention of the GATT provisions.

Mr. PUGH: This is by general agreement with those members subscribing to the International Wheat Agreement?

Mr. McNAMARA: No, the International Wheat Agreement has nothing to do with GATT. It was another independent international body, but in view of the fact that they subsidize under GATT, they must keep within the maximum and minimum price level as provided for in the International Wheat Agreement.

Mr. PUGH: Apart from direct subsidies, are there subsidies by various countries on for instance, shipping? The United States generally likes to ship in her own bottoms.

Mr. McNAMARA: Yes, but this is the reverse of a subsidy. They have to ship 50 per cent of United States bottoms where the cost of that freight is higher. But there are indirect subsidies. For example, some of our friends in the United States accused us of subsidizing because of the Crowsnest Pass rates, because of F.R.A. crop insurance, because the government saves a portion of the carrying charges of the surplus wheat stock, and because we are also subsidizing since we have some policies of that nature. We do not regard them as subsidies, but it is an argument which has been advanced, that to a minor degree Canada also subsidizes because of some of these special Canadian policies.

Mr. PUGH: How are these disputes settled in regard to subsidies?

Mr. McNAMARA: So far they have not been settled.

Mr. KORCHINSKI: There is no danger of a further subsidy, then?



Mr. McNAMARA: The danger is, of course, that some of our people will widen the subsidies and if they do, our only recourse is to lower prices to meet their competition. It is the net delivered price, including the subsidy, that we have to compete with.

Mr. KORCHINSKI: Yes, but some of these countries have already subsidized. We have a long way to catch up with them.

Mr. McNAMARA: If we want to subsidize.

Mr. KORCHINSKI: Yes, that is what I mean.

Mr. PUGH: I have a short question. On page seven of the report the statement is made that one of the exporting countries, the U.S.S.R., applied for relief from its export obligations for the crop year. What were those export obligations?

Mr. McNAMARA: Under the international obligation we, as exporters undertake commitments to provide wheat to member importing countries in accordance with the volume of business they bought from us during the period of the agreement. Russia signed as an exporter, but then when she became an importer in 1963, and again this year, she was not in a position to meet export commitments to anybody until she requested release of that obligation and it was granted by the other members of the Council.

Mr. PUGH: Thank you, sir.

The CHAIRMAN: Are there any further questions?

Mr. MUIR (*Lisgar*): This 24.7 per cent that the United States supplied to the export market, does that include the giveaway grain to India?

Mr. McNAMARA: No, the Indian giveaway is not included.

Mr. MUIR (*Lisgar*): They have a small quantity?

Mr. McNAMARA: Yes, the commercial end of it.

Mr. MUIR (*Lisgar*): This is just the commercial stocks in this total?

Mr. McNAMARA: Yes.

Mr. WATSON (*Assiniboia*): My question is supplementary to the answer to Mr. Pugh's question regarding Russia when she asked to be relieved of her obligation. What method is there of any of the other members picking up the obligation that she had, or is it divided equally between them?

Mr. McNAMARA: Would you care to answer that, Mr. Lawrie?

Mr. LAWRIE: Under the International Wheat Agreement there is a joint undertaking by the exporting countries to supply certain percentages of wheat and if one country fails, as Russia did due to a poor crop and being a net importer, then the obligation falls on the other exporters. There is also provision—I do not have the agreement with me—that that can be allocated, but in the case of Russia, in 1963 and 1964, and this came up at the November meeting, there was some pressure to allocate these. However, we took the position in Canada that there are ample stocks in the world and it was not

necessary, at that time, to divide up the U.S.S.R.'s obligation. So we avoided it that way, and I do not think it arose last November at all when the U.S.S.R. asked for relief again.

Mr. McNAMARA: Mr. Chairman, I would just like to make a further comment on this International Wheat Agreement. I think the committee members would be interested in knowing that by protocol, that is by government agreement, the wheat agreement was extended again; it was due to expire on July 31, but it has now been extended for another year. However, its future is not too rosy for another extension because the United States, in agreeing to the extension of this protocol, made it very clear, by direct communication to the secretary of the International Wheat Council, that they did not intend to continue to extend the International Wheat Agreement. They are putting much more faith in negotiations which will develop as a result of the Kennedy Round and GATT proceedings. Therefore, it appears to me, at least, that unless something unusual develops within the next few months, the International Wheat Agreement will expire on July 31, 1967.

Mr. JORGENSEN: Will it not be open for renegotiation?

Mr. McNAMARA: Yes, we hope, in the course of the result of the GATT discussions and the Kennedy Round, that there will be a new commodity agreement embracing not only wheat, but probably feed grains. Speaking unofficially, I am not too hopeful of success for these negotiations, and I am very worried that we might run into a void period where we will have no international wheat agreement at all if we allow the International Wheat Agreement to expire on July 31, 1967.

Mr. JORGENSEN: Do you regard this as a serious development so far as Canada is concerned?

Mr. McFARLANE: I do regard this as a very serious development. I have always been a very strong believer in the International Wheat Agreement. It is very difficult to outline the actual tangible results which have been achieved, but it has provided a form for buyers and sellers and I am sure, as the result of that form, the opportunities for the exporters—the United States and ourselves—to work together and work with the importers, we have been able to create an atmosphere or a club effect that has given a much better understanding to pricing the wheat and it has gone a long way to stabilizing and removing price fluctuations.

(4.00 p.m.)

Mr. JORGENSEN: Would you not say that for the immediate future, at least, that the market is somewhat bullish, that there are good prospects for market at increased prices?

Mr. McNAMARA: Yes, I will have a statement to make on the future of the prices when the committee is ready to hear our views on prices.

Mr. JORGENSEN: We will wait until we get to that stage then.

The CHAIRMAN: Are there any further questions?

Mr. MUIR (*Lisgar*): All I want to say with respect to this is, I hope the Canadian negotiating team do a better job on GATT than they did the last time.

The CHAIRMAN: Are there any further questions on the International Wheat Agreement? If not, we will move on to government assisted exports.

Mr. EARL (*Executive Director, Canadian Wheat Board*): 3. *Government Assisted Exports*

Canadian wheat and flour exports in 1964-65 were assisted to a total of 143.3 million bushels by the government's food aid programmes, its export credits insurance programme and its guarantee of special credit arrangements.

(a) **FOOD AID PROGRAMMES**

Recipients of Canadian wheat or flour under the Colombo Plan were Burma, Ceylon, India, Pakistan and Viet Nam. Burma, India and Pakistan were given additional quantities under the Special Food Aid Programme. British Guiana and Jordan received small amounts of Canadian flour through the World Food Programme. The United Nations Relief and Works Agency continued to obtain an annual donation of Canadian flour. The following table shows the quantities exported to each country under these programmes:

<i>Programme and Country</i>	<i>Thousand Bushels</i>	
Colombo Plan:		
Burma .....	159.0	
Ceylon .....	586.5	
India .....	6,885.7	
Pakistan .....	1,836.8	
Viet Nam .....	116.0	9,584.0
<hr/>		
Special Food Aid Programme:		
Burma .....	171.5	
India .....	380.5	
Pakistan .....	1,362.7	1,914.7
<hr/>		
World Food Programme:		
British Guiana .....	4.6	
Jordan .....	9.9	14.5
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United Nations Relief and Works Agency .....		173.6
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Total .....		11,686.8
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(b) **EXPORT CREDITS INSURANCE ACT**

The Government of Canada through the Export Credits Insurance Corporation facilitated wheat sales to Bulgaria, Czechoslovakia, Hungary and Poland by making it possible for exporting companies to extend large amounts of credit to these countries for periods of up to three years. Wheat exports covered by the Export Credits Insurance Corporation were 29.9 million bushels to Czechoslovakia, 18.9 million bushels to Poland and 5.8 million bushels to Bulgaria. Of the 29.9 million bushels shipped to Czechoslovakia, 3.6 million bushels were originally purchased by Hungary.



# SPECIAL CREDIT

Deferred payment sales to the German Democratic Republic and the People's Republic of China were facilitated by credit guarantees extended to the Government of Canada. Deferred payment arrangements of 18 months were made available to these buyers. Under this special financing 9.7 million bushels were exported to East Germany, while exports to China, including diversions to Albania, amounted to 67.4 million bushels.

## SUMMARY

The following table shows the quantities of wheat and flour shipped during each of the past five crop years under designated Government programmes:

Crop Year	Export Credits			Total
	Food Aid Programmes	Insurance Act	Special Credit	
		(million bushels)		
1960-61 .....	11.0	16.9	7.9	35.8
1961-62 .....	7.1	12.3	81.5	100.9
1962-63 .....	1.7	22.5	56.4	80.6
1963-64 .....	2.7	30.5	44.6	77.8
1964-65 .....	11.7	54.5	77.1	143.3

Mr. KORCHINSKI: My question is, have there been any cases where the Export Credits Insurance Corporation have refused to underwrite certain sales?

Mr. McNAMARA: Not to my knowledge. So far as grain sales are concerned I get special authority from the federal government relating to the transactions which have been negotiated in grain. However, in cases where the Government has approved a trade agreement, which incorporated a quantity of wheat to be delivered and financed under Export Credits, there has been no problem at all and there has been no loss at all.

Mr. FORBES: In other words, these countries receive special credit from the Government for fulfilling their commitments?

Mr. McNAMARA: That is right. I think in one case, one of the countries applied to the government for an extension and the terms were rewritten with agreement between the two countries, but they are meeting their obligations.

Mr. RAPP: I take it for granted that this country is South Viet Nam?

Mr. McNAMARA: Yes.

(translation)

Mr. CLERMONT: Mr. Chairman, under the Colombo Plan, and under the special program how do exports for 1963-64 compare with 1964-65?

(English)

Mr. McNAMARA: We will have to look that up; we will have the answer in a minute.

(Translation)

Mr. CLERMONT: Do you not have the figures?

(English)

Mr. Chairman, if somebody else would like to ask a question, I will wait.

(Translation)

Mr. ROWAN: In the 1963-64 crop year, we shipped 2,747,000 bushels under the Colombo plan.

Mr. CLERMONT: As compared to 9,000,000 in 1964-65.

Mr. ROWAN: 9,584,000.

Mr. CLERMONT: And under the special program?

Mr. ROWAN: 44,625,000 bushels.

Mr. CLERMONT: 44?

Mr. ROWAN: Now, under special programs, you'll find the table on page for the years 1963-64.

Mr. CLERMONT: For 1964-65, there are 1,900,000 bushels under the special program.

Mr. ROWAN: The trouble is this. Between the 1963-64 and 1964-65 crop years the different programs changed names so we don't have the figures by agencies but by destinations.

Mr. CLERMONT: That's all right.

(English)

The CHAIRMAN: Are there any further questions?

Mr. PUGH: Mr. Chairman, with regard to changing dietary habits, the countries which are said to be rice eaters, is this firm now?

The CHAIRMAN: You mean changing to wheat.

Mr. PUGH: Yes. Is wheat generally accepted there? If rice crops came back and were more plentiful, would we be the losers?

Mr. McNAMARA: In many countries in the world, I think the change from rice to wheat has become permanent. For example, in Japan, the Japanese government, as a matter of policy, recognizes the additional virtues of wheat as compared to rice and are actively promoting wheat consumption. To a degree this is taking place in India and some of the other countries. The other reason and probably one of the more basic reasons, is that the price of rice is much more expensive than the price of wheat, and I think all of this is influencing them in switching to rice as compared to wheat, except where they grow it themselves.

Mr. PUGH: Would this lower price be accounted for by the various aid programs which are listed here?

Mr. McNAMARA: No. For example, in the case of China, sir, the Chinese are exporting rice in large volume and using the purchase price to import Canadian wheat because they get about two bushels of wheat for the price of one bushel of rice.

Mr. PUGH: So that we can take it that this market is fairly well established now.

Mr. McNAMARA: Yes, I think so.

Mr. KORCHINSKI: With regard to China, can you give any indication that it is the desire of the Chinese Government to go into that policy, that is grow their own rice, sell it and buy Canadian wheat?

Mr. McNAMARA: Yes, they make this very clear. It is not only a question of rice economics, but rice is grown generally in the southern part of China, the wheat consumption area is in the north and their transportation is all east and west. Therefore, on the basis of transportation it is much better for them to export rice out of the Canton area and import wheat into the Peking area from Vancouver; it is just good transportation, and they recognize this in addition to the price factor.

Mr. KORCHINSKI: So then they would like to take out the land for wheat production and put it into rice production?

Mr. McNAMARA: No. The area in southern China is more adaptable to rice; whereas the area in the northern part of China is more adaptable to the production of wheat. They are very large wheat producers, you know; they produce much more wheat than Canada does.

Mr. MUIR (*Lisgar*): Does the same situation apply to Russia where it is cheaper to import Canadian wheat than it is to transport the wheat across the country?

Mr. McNAMARA: It does in the Vladivostok area, yes.

The CHAIRMAN: Are there any further questions on this item? We will proceed to section 4 "United States Export Programmes".

Mr. EARL: 4. *United States Export Programmes*

The following table shows total United States wheat and flour exports for 1964-65, 1963-64 and the ten year average for 1954-55 to 1963-64, with a breakdown between dollar-earning and non-commercial or concessional exports:

	Average 1954-55 to 1963-64	1963-64	1964-65
	(million bushels)		
Total exports .....	540.1	858.7	728.1
For dollars:			
Quantity .....	176.2	355.3	162.2
Percentage of total ..	( 32.6)	( 41.4)	( 22.3)
Under Government programmes:			
Quantity .....	363.9	503.4	565.9
Percentage of total ..	( 67.4)	( 58.6)	( 77.7)

Source: U.S.D.A., Wheat Situation, October, 1965, p. 28.



The bulk of United States wheat and flour exports in recent years has been made under the provisions of Public Law 480—the Agricultural Trade and Development Act of 1954. These concessional exports have grown at a rather steady rate since the inception of this programme. This is in contrast with the situation for their commercial or dollar exports of wheat, sales of which also generally involve the payment of a sizeable export subsidy by the United States Government. Of serious concern in the United States was the fact that export sales for dollars accounted for only 22.3 per cent of the total United States wheat and flour exports in 1964-65 as compared with 41.4 per cent in 1963-64, a very exceptional year, and the ten year average of 32.6 per cent.

One reflection of this concern was a shift in emphasis within the Public Law 480 programme from Title I to Title IV. Sales made under Title I are for local currency, while sales under Title IV are for U.S. dollars but on a long term credit basis. Title IV sales rose from 12.2 million bushels in 1963-64, the previous high, to 59.8 million bushels in 1964-65.

Another reflection of this concern was the sharp increase in subsidies paid on wheat exports during the latter half of the crop year.

Mr. RAPP: Under Public Law 480 of the United States, is this not a subsidized wheat sale? Does a country import from the country it sells to; for instance, in the case of India? I suppose some countries accept something else instead of money all the time?

Mr. McNAMARA: Generally, all export sales of wheat and flour in recent years have been subsidized because the price paid to their producers is higher than the international trading price of wheat. What they have been doing under Public Law 480 is too well, for what they call local currency. For example, wheat that goes to India under Title I, they have been taking Indian rupees in exchange and then the United States uses the money they secure in India for their own various government operations or projects to help develop these underdeveloped countries. They take the money and spend it within the country where the wheat is growing.

Under Title IV, as we point out here, there now appears to be a switch in their policy and instead of spending local currency, because my information is that they have a large volume of local currency throughout the world and they just cannot find any place to spend it, they now appear to be switching more to long term credit sales rather than take the local currencies.

Mr. PUGH: That is very much like our Export Insurance Credits Act.

Mr. McNAMARA: No, it is entirely different again. Our Export Credits Insurance Act is just a type of insurance where the Canadian Government says to an exporter, through one of our agents, Bungi, Continental, Richardson, "You make a deal with Czechoslovakia and for a premium of half a cent per bushel we will insure you against loss in case of default." Ours is just an insurance policy to the exporter. The exporter finds the money, pays out the cash, and carries the risk, but if the country makes default he can go back and claim under the Export Credits Insurance Act. For that purpose he pays a premium of one half of one per cent which is paid to the Export Credits Association.

Mr. PUGH: What I meant was that it is rather the equivalent to Title IV where they are looking for United States dollars and our export credits are dealing in hard dollars?

Mr. McNAMARA: Yes, but there is also a major difference because so far we have only extended credit under export credits for a three year period. Some of these credit sales by our friends to the south have been for a much longer period than three years.

Mr. FORBES: When the International Wheat Agreement sits down to negotiate this price range do they exercise any authority on this type of financing or charter or whatever you call it?

Mr. McNAMARA: No.

Mr. FORBES: It is absolutely clear. What kind of a committee is this? Could you give us a little information on the International Wheat Agreement Committee?

Mr. McNAMARA: Basically, the exporters and the importers have got together and formed certain rules and regulations. Relating to price, an agreed minimum price has been established under which we all agree that we will not sell below that minimum. A maximum price has been established, that is the ceiling price for Number 1 northern in storage at Fort William which is the basic rate that has been used. Under the currency of the present agreement we have not yet reached the maximum, but in several instances some of our competitors have been at, or we think, slightly below the minimum price.

Mr. FORBES: Do they have a permanent committee that check all the time the various matters?

Mr. McNAMARA: Yes. We have an organization with a secretary general and an executive committee on which Canada has always been represented, and on which the major exporters and importers are also represented. They do not meet on a regular basis, but they do meet about five times a year, and then they have two regular sessions of the full council, one in July and one in November each year.

Mr. MUIR (*Lisgar*): I have one other question, Mr. Chairman. Has the United States government advised their farmers to increase their wheat acreage?

Mr. McNAMARA: There has been a recent decision in that regard.

Mr. MUIR (*Lisgar*): Can you give us the reason for that?

Mr. McNAMARA: Mr. Chairman, we are getting very close to the subject of price trend. I have a statement here dealing with this matter and the recent decision taken by the United States Government with regard to prices. Do you think it might facilitate the discussion if I were to make this statement now?

The CHAIRMAN: I would like to be fair to Dr. Kindt and ask him if he wants to direct any questions.

Mr. KINDT: I would like to ask about prices, but I am quite willing to wait until Mr. McNamara makes his statement.



Mr. McNAMARA: This is a document we prepared because we anticipated questions dealing with the price trend and our thoughts with regard to the future of prices. In recent months, the Canadian Wheat Board has operated in the belief that the surplus era, which we experienced during the fifties and early sixties, is behind us. During the next few years, the overall problem will be one of having sufficient supplies of wheat available in the world to meet the ever increasing needs of an expanding world population. This does not mean that the board believes that we may not run into surpluses temporarily, but rather that we think over the next five or ten years demands will tend to exceed supplies. No one, of course, can foresee the future, but we believe that developments in the past few months have tended to verify our belief of impending shortages rather than unuseable surpluses.

On the supply side, the United States and Canada are currently the only two countries in the world with marketable supplies. In the case of the United States, according to their most recent projections, the carry-over by the end of June will be around 550 million bushels or less than one year's domestic requirements. Their projection to 1967 indicates supplies of 350 million bushels, less than about half of one year's domestic requirements.

Canadian exports this year will reach a level of approximately 600 million bushels or, I should say, they would have if it had not been for this strike or if we get it settled soon. This will result in a carry-over of around 440 million bushels. If the crop in western Canada is only an average one this year, and with the expected strong demands for Canadian wheat during the next crop year, the year-end carry-over will likely decline further.

On the other hand, demands for wheat continue strong in India, China, eastern Europe, Japan and it is fairly constant in western Europe. Russia's future requirements are, of course, unknown at the present time. For some months the Canadian Wheat Board and the Canadian Government have made our views known to United States authorities with respect to the changed supply and demand situation and stressed our conviction that some increase in international wheat prices was justified. We have, in fact, made substantial increases in our asking prices over the period of the last six months. These increases were not, in general, followed by corresponding increases in the price of the competing grades of United States wheat. On the contrary, the spreads between Canadian f.o.b. prices and the United States f.o.b. prices for the major grades of wheat have widened significantly. I might just add that in the case of flour for export, the disparity is even greater due to the fact that the United States have a double subsidy for flour for export.

The magnitude of the existing spreads has been a matter of major concern to our Board in terms of maintaining our traditional position in commercial markets, even though we consider our price levels fully justified by the world's supply demand situation. Just a few days ago the United States Department of Agriculture, at least implicitly, recognized the changing supply position by increasing the amount of wheat American farmers are allowed to plant for the next crop year by 15 per cent. Within the past week they have responded in terms of export pricing as well and have increased their asking prices by five or six cents per bushel for the major grades of wheat available for sale in commercial markets. I might say that we, as a Board, are extremely pleased



with this price action by the United States since, in our view, it reflects to some degree the changed international wheat situation and permits some optimism for more realistic international wheat pricing in the future.

The CHAIRMAN: Before we proceed with questions, do you think, Mr. McNamara, it would be proper now to read the "Sales and Pricing of Canadian Wheat" under Part II before we have any questions? I think this would probably be better.

Mr. EARL:

Sales—Wheat

a) Policy

The 1964-65 international wheat market was dominated by the all-time record wheat production of 9.3 billion bushels. The sales policy of the Board was directed to obtaining the largest possible share of the reduced world import requirements. This policy was aided by the availability in volume of a broad range of grades in the Canadian inventory.

As world supplies of Durum wheat were once again in excess of effective demand the Board had to focus special attention on the marketing of this type of wheat. The Board attempted not only to maximize Durum wheat sales to the regular markets but also to encourage the inclusion of this wheat in contracts negotiated under long term agreements.

The major developments with respect to wheat exports are described in the following paragraphs.

b) Exports by Continental Areas and Countries

The export of 220.4 million bushels of wheat and flour to European destinations was less than half of the amount shipped in 1963-64 when the exceptional sale to the Soviet Union was made. In 1964-65 shipments to the U.S.S.R. amounted to 10.2 million bushels as compared with 234.4 million bushels the previous year. Canadian exports to the United Kingdom were down by more than 10.0 million bushels from a year earlier due to a large domestic wheat crop of exceptionally high quality. Nevertheless, the 80.1 million bushels exported to the United Kingdom made that country Canada's largest customer for wheat and wheat flour in 1964-65. Czechoslovakia emerged as Canada's second largest European customer, taking 29.9 million bushels as compared with 16.6 million bushels in 1963-64. Of this 29.9 million bushels, Czechoslovakia purchased 26.3 million bushels directly and acquired an additional 3.6 million bushels originally purchased by Hungary. Other countries which substantially increased their imports of Canadian wheat were Poland and Albania. Hungary and East Germany were important buyers under new long term agreements but, as mentioned, Hungary's purchases were diverted to Czechoslovakia. Exports to France were also higher as that country increased its purchases of Durum wheat. West Germany, Switzerland and Bulgaria took substantially less Canadian wheat in 1964-65 than in 1963-64. Yugoslavia did not buy any Canadian wheat in 1964-65.

Exports to Africa decreased in 1964-65 as the decline in exports to the Republic of South Africa more than offset the general, but small, increases to other African destinations. The South African wheat crop in 1964-65 was exceptionally good.

Exports to Asia increased to 136.4 million bushels from 108.0 million bushels in 1963-64. The People's Republic of China was the leading Asian importer of Canadian wheat, taking 62.4 million bushels which included 12.0 million bushels of Durum wheat. Japanese imports at 50.2 million bushels were slightly higher than in the previous year. Exports to India and Pakistan were larger because of increased Government food aid programmes. Exports to other Asian countries were generally maintained, with increases to some countries largely balanced by decreases to others. A particularly disappointing fact was the reduced amount of Canadian wheat going into the Philippines.

Canadian wheat exports to South America expanded slightly in 1964-65. The growing Venezuelan market was the principal South American destination, while shipments to Ecuador, Peru and Colombia were moderately higher.

Exports to the Caribbean and Central American areas were almost the same in total as in 1963-64. Purchases of wheat and flour by the U.S.S.R. for Cuba again accounted for over half of the total Canadian exports to these areas.

Exports to the United States declined from 2.0 million bushels to 1.0 million bushels and were composed entirely of flour shipments. Imports of wheat as grain into the United States are now virtually barred as a result of their new domestic wheat programme.

Bagged seed wheat exports to all destinations amounted to 1.3 million bushels as compared with 2.9 million bushels in 1963-64.

The following three pages are details of these exports.

EXPORTS OF WHEAT AND WHEAT FLOUR<sup>1</sup>Crop Years 1964-65 and 1963-64  
Continental Areas and Countries

	Crop Year 1964-65			Crop Year
	Wheat	Flour (Wheat Equivalent) (bushels)	Total	1963-64 Total
<b>EUROPE:</b>				
United Kingdom .....	70,390,834	9,756,809	80,147,643	90,832,222
Germany .....	20,508,768	—	20,508,768	37,276,899
Belgium-Luxembourg .....	15,528,016	142,501	15,670,517	15,708,958
France .....	5,552,755	—	5,552,755	4,883,596
Italy .....	3,914,715	7,245	3,921,960	3,875,315
Switzerland .....	3,919,093	27	3,919,120	8,071,937
Netherlands .....	3,409,851	8,073	3,417,924	3,199,532
Ireland .....	2,223,831	—	2,223,831	2,235,333
Austria .....	1,660,293	1,150	1,661,443	1,191,031
Norway .....	1,601,120	161	1,601,281	1,702,785
Malta .....	979,885	—	979,885	1,545,560
Finland .....	343,467	—	343,467	726,133
Portugal .....	—	126,808	126,808	520,359
Sweden .....	67,200	1,771	68,971	23,665
Greece .....	—	16,277	16,277	16,100
Iceland .....	—	3,220	3,220	4,995
Denmark .....	—	2,760	2,760	25,479
Gibraltar .....	—	2,622	2,622	31,944
<b>Total Western Europe</b> ....	<b>130,099,828</b>	<b>10,069,424</b>	<b>140,169,252</b>	<b>171,871,843</b>
Czechoslovakia .....	29,859,271 <sup>a</sup>	—	29,859,271 <sup>a</sup>	6,570,483
Poland .....	18,899,240	—	18,899,240	14,937,653
U.S.S.R. ....	8,843,789	1,355,378	10,199,167	234,378,150
Germany, East .....	10,522,197	—	10,522,197	—
Bulgaria .....	5,752,853	—	5,752,853	7,586,165
Albania .....	5,025,011	—	5,025,011	3,696,468
Yugoslavia .....	—	—	—	3,501,866
<b>Total Eastern Europe</b> ....	<b>78,902,361</b>	<b>1,355,378</b>	<b>80,257,739</b>	<b>270,670,785</b>
<b>Total Europe</b> .....	<b>209,002,189</b>	<b>11,424,802</b>	<b>220,426,991</b>	<b>442,542,628</b>
<b>AFRICA</b>				
Ghana .....	—	1,741,028	1,741,028	1,060,459
Republic of South Africa ..	944,533	—	944,533	3,038,286
Nigeria .....	603,113	8,202	611,315	668,933
Sierra Leone .....	—	539,615	539,615	453,123
Togo .....	—	162,472	162,472	150,850
Congo .....	—	150,137	150,137	56,925
Portuguese Africa .....	—	121,371	121,371	76,038
Liberia .....	—	85,234	85,234	61,447
Mozambique .....	35,230	42,829	78,059	135,635
Gambia .....	—	63,144	63,144	8,381



AGRICULTURE, FORESTRY AND  
RURAL DEVELOPMENT

June 7, 1966

	Crop Year 1964-65			Crop Year
		Flour		1963-64
	Wheat	(Wheat Equivalent)	Total	Total
		(bushels)		
AFRICA—continued				
Rhodesia .....	48,210	2,300	50,510	42,164
Cameroon Republic .....	—	48,132	48,132	—
French Africa .....	—	25,378	25,378	—
Malawi .....	—	20,647	20,647	—
Angola .....	—	7,406	7,406	5,750
Nyasaland .....	—	11,197	11,197	25,725
Ivory Coast Republic .....	—	4,025	4,025	2,990
Tanzania .....	—	2,300	2,300	—
Guinea Republic .....	—	920	920	—
Ethiopia .....	—	230	230	253
British Africa .....	—	—	—	25,185
Tanganyika .....	—	—	—	10,925
Total Africa .....	1,631,086	3,036,567	4,667,653	5,823,069
ASIA AND OCEANIA:				
People's Republic of China	62,370,202	—	62,370,202	41,286,001
Japan .....	50,125,210	46,984	50,172,194	49,811,603
India .....	7,266,240	—	7,266,240	721,373
Philippines .....	6,481,954	977	6,482,931	7,308,411
Pakistan .....	3,199,467	—	3,199,467	354,984
Hong Kong .....	905,147	695,563	1,600,710	1,514,550
Malaysia .....	929,041	369,672	1,298,713	1,073,112
Taiwan .....	735,441	—	735,441	411,061
Saudi Arabia .....	590,299	1,346	591,645	788,804
Ceylon .....	—	586,553	586,553	1,068,596
Israel .....	529,200	—	529,200	1,603,056
Thailand .....	—	383,465	383,465	363,943
Kuwait .....	350,000	10,210	360,210	31,407
Burma .....	171,464	159,043	330,507	155,335
Viet Nam .....	—	115,800	115,800	43,776
U.S. Oceania .....	75,898	13,570	89,468	463,395
Lebanon .....	—	209,137	209,137	274,834
Aden .....	—	27,775	27,775	—
British Middle East .....	—	20,222	20,222	38,419
Indonesia .....	—	16,694	16,694	126,224
Portuguese Asia .....	—	14,177	14,177	21,344
Jordan .....	—	10,143	10,143	1,122
Fiji .....	—	7,739	7,739	6,394
Iran .....	—	2,463	2,463	4,198
French Oceania .....	—	1,161	1,161	1,426
Syria .....	—	709	709	1,410
Qatar .....	—	230	230	1,068
South Korea .....	—	—	—	511,467
Australia .....	—	14	14	28
Total Asia and Oceania ..	133,729,563	2,693,647	136,423,210	107,987,341

	Crop Year 1964-65			Crop Year
	Wheat	Flour (Wheat Equivalent) (bushels)	Total	1963-64 Total
<b>SOUTH AMERICA:</b>				
Venezuela .....	9,121,671	1,150	9,122,821	7,903,780
Ecuador .....	1,370,128	—	1,370,128	1,087,114
Peru .....	937,813	75,095	1,012,908	794,490
Colombia .....	367,454	—	367,454	1,164
Surinam .....	—	79,872	79,872	73,648
British Guiana .....	—	56,746	56,746	38,932
Chile .....	—	920	920	5,778
Argentina .....	—	690	690	—
<b>Total South America .....</b>	<b>11,797,066</b>	<b>214,473</b>	<b>12,011,539</b>	<b>9,904,906</b>
<b>CENTRAL AMERICA AND CARIBBEAN:</b>				
Cuba .....	8,120,779	6,624,667	14,745,446	14,810,055
Jamaica .....	6,646	1,662,479	1,669,125	1,688,049
Trinidad and Tobago .....	—	1,516,461	1,516,461	1,466,475
Leeward and Windward Islands .....	—	1,010,898	1,010,898	1,052,606
Dominican Republic .....	704,386	231,879	936,265	916,513
Costa Rica .....	—	909,763	909,763	653,591
El Salvador .....	776,516	2,422	778,938	1,030,871
Nicaragua .....	504,746	1,849	506,595	276,851
Guatemala .....	408,366	46,338	454,704	290,879
Bahamas .....	—	308,364	308,364	306,171
Netherlands Antilles .....	—	267,743	267,743	152,488
Barbados .....	5,119	193,352	198,471	165,847
Bermuda .....	—	123,915	123,915	121,346
Honduras Republic .....	53,200	50,437	103,637	64,540
Panama .....	—	79,591	79,591	233,795
British Honduras .....	—	42,952	42,952	39,678
Haiti Republic .....	—	22,421	22,421	110,290
French West Indies .....	—	7,857	7,857	2,185
French Guiana .....	—	460	460	—
<b>Total Central America and Caribbean .....</b>	<b>10,579,758</b>	<b>13,103,848</b>	<b>23,683,606</b>	<b>23,382,230</b>
<b>NORTH AMERICA:</b>				
United States .....	—	1,048,106	1,048,106	1,974,691
St. Pierre and Miquelon ..	—	20,916	20,916	20,803
<b>Total North America .....</b>	<b>—</b>	<b>1,069,022</b>	<b>1,069,022</b>	<b>1,995,494</b>
<b>Bagged Seed Wheat .....</b>	<b>1,312,295</b>	<b>—</b>	<b>1,312,295</b>	<b>2,911,963</b>
<b>GRAND TOTAL .....</b>	<b>368,051,957</b>	<b>31,542,359</b>	<b>399,594,316</b>	<b>594,547,631</b>

<sup>1</sup> Source: D.B.S., The Wheat Review, December, 1965, pp. 16-18. Includes exports of Ontario Winter Wheat.

<sup>2</sup> Includes 3,614,420 bushels diverted from Hungary.

I will continue and deal with Durum wheat under subsection (c). For the second consecutive year Canada had a potential Durum wheat supply of slightly over 100.0 million bushels. Inward carryover at August 1, 1964 amounted to 68.0 million bushels, while the 1964 crop added another 34.0 million bushels. With an average domestic commercial disappearance of only 2.8 million bushels in the five preceding years, the situation called for a continuing effort to obtain the largest possible share of the existing international market and to open new markets wherever possible. In this latter regard the Board was pleased to get Durum wheat included in the Chinese and Polish contracts covering 12.5 and 5.3 million bushels, respectively, during 1964-65.

Other principal destinations for Canadian Durum wheat exports during the crop year were: West Germany, 7.7 million bushels; France, 3.1 million bushels; Switzerland, 2.6 million bushels and Belgium-Luxembourg 1.2 million bushels.

Altogether Canada exported 34.1 million bushels of Durum wheat in 1964-65 which when added to domestic utilization resulted in a small reduction in carryover stocks.

● (4.30 p.m.)

#### (d) LONG TERM AGREEMENTS

In 1964-65 almost 40 per cent of the total wheat and flour exports were sold to countries with which the Government of Canada or the Canadian Wheat Board had long term agreements. These agreements have become important instruments for assuring markets for Canadian wheat.

The following table shows some basic facts relevant to the agreements in 1964-65:

Country	Agreement Expiry Date	Open Commit- ments August 1, 1964	1964-65 Shipments against Commit- ments	Open Commit- ments July 31, 1965
(million bushels)				
GOVERNMENT AGREEMENTS:				
Bulgaria .....	Oct. 7, 1966	9.2	5.7	3.5
Czechoslovakia .....	Oct. 28, 1968	39.7	23.1	16.6
Hungary .....	June 10, 1967	9.2 <sup>1</sup>	3.6 <sup>2</sup>	5.6 <sup>1</sup>
Poland .....	Nov. 4, 1966	36.8	18.9	17.9
U.S.S.R. ....	Apr. 17, 1966	18.7	13.9 <sup>3</sup>	4.8
WHEAT BOARD AGREEMENTS:				
China .....	July 31, 1966	142.0 <sup>4</sup>	64.2 <sup>5</sup>	77.8 <sup>4</sup>
East Germany .....	July 31, 1967	27.6	9.6	18.0
Total .....		283.2	139.0	144.2

<sup>1</sup> Buyer has option of taking 125,000 metric tons in the form of feed barley on a cash basis.

<sup>2</sup> This purchase was subsequently diverted to Czechoslovakia.

<sup>3</sup> Includes shipments to Cuba.

<sup>4</sup> Maximum quantity under agreement.

<sup>5</sup> Includes shipments to Albania.



## e) EXPORTS BY MONTHS

Exports for the first half of the crop year amounted to 217.8 million bushels compared with 181.8 million bushels for the February-July period. The following table shows exports of wheat (including flour), by month, for the 1964-65 crop year:

Month	Million	Bushels
August 1964 .....	46.0	
September .....	45.2	
October .....	42.6	
November .....	33.6	
December .....	30.0	
January, 1965 .....	20.4	217.8
February .....	21.1	
March .....	25.9	
April .....	36.1	
May .....	38.5	
June .....	32.9	
July .....	27.3	181.8
Total .....		399.6

SOURCE: D.B.S., The Wheat Review, December, 1965, p. 14. Includes exports of Ontario Winter Wheat and Bagged Seed Wheat.

## f) EXPORTS BY PORT AREAS

The 1964-65 exports of wheat, by port area, were as follows:

Port Area	Million	Bushels
Eastern Canadian Ports:		
St. Lawrence .....	150.3	
Atlantic .....	33.9	184.2
Pacific Coast ports .....		155.1
Churchill .....		22.1
Lake ports direct .....		5.3
Total .....		366.7

SOURCE: Board of Grain Commissioners for Canada. Includes Ontario Winter wheat but excludes flour and Bagged Seed Wheat.

Mr. KINDT: I wanted to clear up a point by asking Mr. McNamara a question following his introduction of prices. I should know the answer myself since I know something about the International Wheat Agreement, but my question is this. With respect to the question of location concerning the committee set up by the International Wheat Agreement to check prices of various countries, is the place where that is checked in the respective country regardless of the distance from the market, where it is to be eventually marketed, or the cost to get it there, or where does that price prevail? Is this set forth in the agreement? I do not recall it.

Mr. McNAMARA: Yes, the maximum price in the agreement is basis No. 1 Northern wheat, which is recognized as the top grade of wheat in the world, basis in store Fort William. At the present time, under the current agreement, that price is \$2.02½ in United States currency. The minimum price is a formula which is slightly different. The minimum price is determined by taking No. 1 Northern Wheat in store Fort William, moving it to the country of destination and then going back to the f.o.b. position of the originating country, in the case of the United States to the Gulf. Whatever the equivalent is of Fort William to Europe back to the Gulf, that becomes their minimum price. It is quite an intricate formula, but that is the basic concept of it.

Mr. KINDT: It is all based on Fort William?

Mr. McNAMARA: It is technically, but also in Duluth, for example, the ceiling price for their spring wheat is also the same price as our No. 1 Northern in store Duluth.

Mr. KINDT: How are the prices consummated out of Vancouver?

Mr. McNAMARA: The Vancouver maximum price is the same as the maximum price at Fort William. We tried to have a premium on Vancouver, but we were unsuccessful in selling it to the Japanese and some of these other Asiatic requirement people. They figured we were trying to take advantage of their position by charging a higher price at Vancouver than we do at Fort William. But the minimum price at Vancouver is related to what we call the c.i.f. formula from Fort William to the United Kingdom and back which means that the minimum price at Vancouver is higher than the minimum price at Fort William.

Mr. KINDT: Then, in other words, there is a formula in existence which other countries should use in arriving at their minimum wheat price when they contract with foreign countries?

Mr. McNAMARA: In theory, yes. The weakness in the agreement, and it is one that no one has ever been able to solve to date, is quality discount. For example, when wheat is trading at the maximum, we find that all our competitors feel that their wheat is just as good as No. 1 Northern and that they are entitled to the No. 1 Northern price. When you get down to the minimum, in which case it is hard to see wheat if you are looking for markets we find that many of our competitors feel that the quality, on account of the lower price, is much wider spread under No. 1 Northern than it used to be. This has presented the Council with a great deal of difficulty in determining whether

member exporting countries are living up to the minimum price because they have a tendency to widen their discounts under No. 1 Northern.

Mr. KINDT: That would be a very important aspect when it comes to competition in marketing.

Mr. McNAMARA: That is right. The Council do make a conscientious effort to protect this. They keep an average of the spreads that prevail at all times and then when a country starts widening out its spread and it appears that they are giving below the minimum by widening the spread, it is drawn to their attention. I think in most cases the nations have responded by tightening up a little bit, but most of our competitors recently have been very close, in my opinion, sometimes below what should be a normal minimum.

Mr. KINDT: Now, then, I have one other question. Within the spread, it is a question of bargaining?

Mr. McNAMARA: There is no control within the spread; you can move freely within the maximum and minimum.

Mr. KINDT: In order to make the sale?

Mr. McNAMARA: That is right.

Mr. FORBES: On the bottom of page nine you make reference to bagged seed wheat. When you issue a permit for export of this wheat, is it called class 2 wheat?

Mr. McNAMARA: No. This is really registered and certified seed. We have had no particular problem. The demand for it has been decreasing recently, although at one time when the prices were more attractive than they are now, and there was a surplus production of registered and certified in Canada, we had to put in some controls because people started buying registered wheat and selling it at prices below our normal commercial wheat and we were competing with ourselves. So now we only allow registered seed to go provided it is packed and sealed by the Plant Products Division, and we are assured that it is going to a country where we know it will not be used for human consumption.

Mr. FORBES: Do you have any requests for shipments of grain on a protein content?

Mr. McNAMARA: We have had some suggestions that we should change our system, but I think I am speaking for all my colleagues when I say we feel this would be detrimental to Canada's interests. You might, in certain markets, get a cent or so more for protein, but I am quite satisfied in my own mind that the large commercial buyers of the world, such as Rank and Spillers, would just pay us the same price for the top protein and then we would be left with trying to find markets at lower prices for the lower qualities of protein.

Mr. FORBES: Are the newer varieties of grain which we have still maintaining our protein content?

Mr. McNAMARA: Yes, I understand so. This is one of the things which our research people are watching very closely because they realize the virtue of our ability to sell wheat in competition is its strength, as Mr. Treleaven referred to



this morning. They are very conscious of the necessity of plant breeding to maintain not only the protein, but the base in strength of the wheat we produce.

Mr. FORBES: I was told a few years ago we made some shipments of wheat on a protein content at a little extra money. I understand from what you say that this has been discontinued?

Mr. McNAMARA: Yes, the year you are referring to, I think, Mr. Forbes was one of the very unfortunate years when we produced a very, very low protein crop in western Canada. In order to enable our mills to try to compete with foreign flour and other markets and to maintain the quality of the flour they had been putting in, we did allow them to make some special protein selections, but that boomeranged against us.

Mr. FORBES: Do other countries, signatories to the International Wheat Agreement, produce a higher protein content of wheat than Canada?

Mr. McNAMARA: Generally, no. The United States, of course, in some of the areas adjacent to the Canadian border, do produce a lot of high protein spring wheat.

Mr. FORBES: How close is it to ours?

Mr. McNAMARA: Some of it is higher than ours in the Dakotas, but the thing to keep in mind is that in the United States system they use about 650 million bushels of wheat for their domestic requirements and the local mills buy this themselves. They buy and select the high protein for their domestic consumption, with the result that the average wheat the Americans export, in order to compete with us in certain markets like the Philippines and Venezuela they have been segregating protein and trying to get wheat which will match ours. But, generally speaking, the protein content of their wheat is lower than ours.

The same applies in Russia. They have areas where they can produce high protein wheat. Some of the Argentine wheat is high protein wheat. The Australians are making some progress in developing higher protein wheat. Generally speaking, the average quality of our wheat, protein and base in quality, is much higher than any other country in the world, that is in quantities for export because we export such a large percentage of our production and utilize such a small percentage at home; it is only about ten per cent.

Mr. KINDT: Is it not customary for buyers, if there is any shadow of doubt or if the quantity being purchased is rather large, and they wish to mix it, to require a baking test indicating the protein?

Mr. McNAMARA: Yes, but fortunately for Canada, our standards are so well defined under the Canada Grain Act and the statutory definitions of the grade that we find the large commercial buyers can buy with confidence, on the basis of certificates filed, and they know exactly what they are going to get. While the protein does vary, efforts are being made by the Board of Grain Commissioners to maintain a more even continuity of protein to satisfy them. I think a protein of  $13\frac{1}{2}$  or 14 is as high as these commercial buyers want. The fact is that in the

last few years we have had cases where our own local mills have been looking for a lower protein to mix in because some of the wheat they have been getting is too high in protein.

Mr. KINDT: On the low protein year that you spoke of, is it true that foreign buyers were not more exacting in their demands for protein?

Mr. McNAMARA: No. This special selection, if my memory is correct, was only allowed on flour shipments. We did get some criticism from wheat buyers that we were taking the cream off and shipping it to some of these flour markets, and as a result they were getting a lower quality of Canadian wheat.

Mr. FORBES: I have one more question. Would it necessarily follow that Grade 4 wheat had a lower protein content than No. 1?

Mr. McNAMARA: No. It depends on the climatical conditions.

Mr. RAPP: Mr. McNamara, you made a statement that the International Wheat Agreement will be renegotiated this year.

Mr. McNAMARA: No. I said it was extended by protocol to July 31, 1967. I expressed the opinion that it would not be renegotiated.

Mr. RAPP: You said it is the third time it has been extended?

Mr. McNAMARA: This is the second year. The original agreement was for three years in 1962 and it would have expired in 1965.

Mr. RAPP: So this is the second time that it has been extended?

Mr. McNAMARA: That is right, sir.

Mr. RAPP: What is the procedure? Every year when it is extended are the prices renegotiated too?

Mr. McNAMARA: No. When it is renegotiated the prices are renegotiated. When it is extended by protocol, as it has been in the last two years, all the terms and conditions are just agreed to for another year; they just extended the expiry date with no change in the form or content of the agreement which was negotiated in 1962.

Mr. RAPP: Would the importers not benefit from it, because you made the statement that the prices might be higher? Is that not right?

Mr. McNAMARA: Up to date we have not been in a position to charge the maximum price as the agreement was negotiated in 1962. Our concern recently is that our other exporting friends have not only been coming close to the maximum but have been lowering their prices quite consistently and have been approaching the minimum.

Mr. RAPP: For instance, the United States?

Mr. McNAMARA: Other countries as well.

Mr. KORCHINSKI: Recently there has been some talk that the United States Government may switch its exporting policy so that some exports may go into China, for example. I do not know how emanate this may be, but should that materialize would the effect of the United States shipping wheat to China, for example, have an effect on lowering the world price of wheat?

Mr. McNAMARA: No, not necessarily. As a matter of fact, if the situation were as I envisage it, where the problem in the future is going to be supplying the world with sufficient food, there would be a lot of advantages for some of the types of wheat produced in the United States being merchandised in countries like China and India where quality is not so important. It is almost tragic, at times, to see our No. 2 Northern and some of our higher grade strong wheat going into countries like China and India where it is not needed for bread use, it is used for chapatti or other purposes.

Mr. KORCHINSKI: Several months ago there was some sort of a move under foot to lower the price of wheat and the president of the Saskatchewan Wheat Pool, Mr. Gibbings, on one occasion made a speech in the United States defending the pricing policy of the Wheat Board and he felt that the price should be maintained at a higher level. What was the reason for this movement? I am sure the Wheat Board must be concerned over the possibility that other countries will continue lowering their prices and put us in a very awkward position.

Mr. McNAMARA: We were very greatly concerned, you see. I think the first reduction in prices occurred in November, 1964. At that time Durum wheat was in very excess supply and Canada and the United States were carrying substantial quantities of Durum in excess of world demand. Although we rejected some bids by one of our important customers at a price substantially below the then current market, our American friends, for reasons of their own decided that this was a special circumstance, that their Durum wheat was in such urgent supply they took advantage of that situation. We had to meet their competition and this resulted in a breach in the Durum price. A little later in the report we make reference to this.

The next major break in prices was after we negotiated a sale of low grade wheat to China. In that particular crop year, we produced a lot of low grade wheat. Our top grades of wheat, namely Nos. 1, 2, 3, and even 4 Northern, will command a premium, but when you get into No. 5 wheat and some of the other off grades of wheat, there is no quality virtue which cannot be duplicated by many other countries of the world.

When we found that China was interested in a large quantity of low grade wheat, we decided it would be helpful not only to our own position, but to the overall supply of low quality wheat that had been produced that year, to make a sale of it even though it meant a reduction in price. We made this sale and of course, lowered our price automatically as we always do to have one price for all customers.

At the same time, the United States administration was very concerned with which prices of Argentine, and other wheat that they compete with more directly in many markets, were being offered and they decided at that time they would have to follow the reduction we made in our low grade wheat. We thought they made a mistake, but it was their judgment. They lowered all the prices of all their wheat, including their spring wheat, not only as much as we lowered our price for China, but to a greater extent which again forced us to lower our high grade wheats.

This was the period where these major price adjustments took place which resulted in a lower final payment, as we will be reporting to you when we come



the supplementary report this year. Since that time we believe the situation has changed and we have been trying to not only raise our own prices, which it is reported we have done to quite a degree, but we have been trying to encourage the United States and Argentina that the wheat situation in the world is changing, and that they are not going to sell more wheat by lowering prices; the situation should be recognized and prices increased. We have now increased our prices to the level that prevailed prior to the reduction which took place in January, 1964. The United States, as I indicated today, are indicating now that they are also on the move and we hope this will continue because we figure there must be a production incentive for wheat in the world if we are going to feed the world, and we think that our producers are not only entitled to, but they should be commanding higher prices under the circumstances as we see them developing in the future.

Mr. KORCHINSKI: Why was it necessary to almost panic in that situation because a few countries, the United States included, reduced their prices? Canadians, as a rule, set the standard and the price and every other country is guided by the pricing policy of the Canadian Wheat Board. Why was it necessary to panic in that period if perhaps a waiting period might have served the purpose of maintaining the price?

Mr. McNAMARA: I do not think it is a case of panicing. You must remember that normally we produce and sell to traditional markets such as the United Kingdom, Germany, Japan about 250 or 275 million bushels of wheat. This is our bread and butter business and this is where our wheat, on account of its quality, is appreciated. These people will pay us some premium for quality, but when the price goes down 15 cents to 20 cents per bushel under the price where our wheat is compared to a normal spread, these people are businessmen and they look at their grist and say, "Well, now, I think we can get along with maybe ten or 15 per cent less Canadian wheat". In the last four years out of five we have produced exceptionally large crops, and if we are going to market that grain we must keep our wheat competitive. I just do not think we can say that we are dealing with Russia and China and to hell with Great Britain and our traditional market, and let the United States or anybody else go in and take that business away from us. I think in any merchandising that once your opposition gets their feet in, it is pretty difficult to get back into the market again.

I want to remind you that the Canadian Government, in both cases when it took on these Russian commitments, made it very clear to the Russians that we could only sell them a certain quality based on our capacity, fully protecting our traditional markets. This is a policy which we have followed consistently. Notwithstanding the fact that we have 600 million bushels on our books for this year, we made provision and sold the United Kingdom, Germany, Switzerland and Japan our traditional market wheat, and protected them with supplies of Canadian wheat because, in our judgment, we are in this business permanently producing wheat in Canada and I think it is very, very necessary that we protect our traditional markets. We just cannot afford not to meet price competition. You can have a high price, but the high price is not much good to you if you are not selling in volume what you produce.

Mr. KORCHINSKI: You seem to be arguing against your suggestion that lowering the price does not necessarily sell more wheat?

Mr. McNAMARA: I am saying that if everybody maintained prices we would not sell any more wheat, but when one or two competitors cut their prices by 20 cents per bushel under the normal spread they are going to sell wheat in preference to our wheat.

Mr. KORCHINSKI: Have there been other cases where these countries have lowered their prices, while Canada has maintained its price, and thereby brought their price up to the Canadian level.

Mr. McNAMARA: In certain markets, yes. We have been surprised and pleased to the extent that some of our traditional markets have absorbed the additional premium that we are now commanding on our prices compared to our competitors, but there are many other markets in the world and these are the markets that bring up the volume, what we call in and out markets, such as Spain, Portugal, Iran and other countries, where quality is not a factor. When you produce, as we did produce this year, a large quantity of No. 4 wheat and a large quantity of No. 5 wheat, we must be competitive in order to sell that wheat.

Mr. KORCHINSKI: Have we turned down any substantial wheat sales because we could not enter into an agreement due to the price factor? What I am saying is that you cannot foresee what the demands will be for the future and what our price will be for the future?

Mr. McNAMARA: No, because of the commitment we entered into last fall—we can use last fall as an example—with the Russians, taking our normally traditional market, which we want to protect, plus the Chinese contract we previously entered into, brought us up to a total of 600 million bushels which we, the railway and the people in the grain business all conceded was the maximum which Canada could transport and move during a crop year. We did lose other people who are not traditional buyers, but since approached us and would have liked to have bought some extra wheat that we could have sold. However, because we could not move or transport any more than our facilities would permit, we had to turn down that business. To a great extent, the United States and other competitors snapped up this business, and it became available to them because we could not take on the commitment. This will result this year in the United States sales for dollars, their percentage of commercial sales being more in line with what they sold in 1963 and 1964. In other words, their commercial business will show the benefit of this. I still think they would have got this business without reducing their prices to the extent that they did because we were not in a position to supply; Argentine was not in a position to supply, and Australia was sold out.

Mr. KORCHINSKI: So it all goes back to what you were saying this morning that unless we revamp our entire transportation system and facilities and so on we may be in line to lose or not negotiate further agreements in the future?

Mr. McNAMARA: Subject to production. Whether or not we, as Canadians can count on producing crops with 660 and 700 million bushels a year, I do not know. We have been very fortunate. In the last five years out of six we have

and better than average crops. I am very concerned about what our position would be if we went back to a 1961 or a 1962 crops when we produced 287 million bushels. Fortunately, this year we have a good reserve; we have 400 to 450 million bushels.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I wonder if Mr. McNamara could give us any indication with regard to how many bushels he feels we would have lost in sales had we maintained our price and not dropped it to 20 cents a bushel a year ago in January?

Mr. McNAMARA: It is very difficult to make an estimate of that, Mr. Watson. I think the reduction would have been very, very serious. I know for a fact this year that our percentage of export into the United Kingdom and West Germany are lower than they have been for a number of years. There is no doubt that the United States has secured business in the United Kingdom, in Holland, in Germany and in many other countries because of the fact that their wheat, in relation to ours, is cheaper than it was before. We are suffering and have been suffering for the last six months because our prices were really out of line with the price of our competitors, and it was just a question of to what extent we can continue to raise prices if our competitors do not. That is why we are so pleased that the United States people at last seem to be getting their head out of the sand and starting to set prices more in line with dollars.

Mr. WATSON (*Assiniboia*): Did I understand you to say that the asking price now is equivalent to what it was at the time of the reduction?

Mr. McNAMARA: Yes. I think it is slightly over what it was at the time of the reduction in January, 1965.

Mr. WATSON (*Assiniboia*): Would it be reasonable to assume then that the final wheat payment for the present crop year will possibly be equal to what it was in the crop year of 1963-64?

Mr. McNAMARA: I have no crystal ball, Mr. Watson, and I do not make assumptions. An awful lot will depend on what our competitors do. If we can maintain these prices, I would say yes. But if we find that our competitors do not increase their prices or if they drop them again, we will be forced to reduce prices to keep our share of the world's market. I am hopeful that people, other than ourselves, are recognizing a change in the world situation. The situation warrants higher prices and if we can maintain current prices our final payment will be higher, but what will happen over the next 12 months is very difficult to ascertain.

Mr. FORBES: May I ask a supplementary question?

Mr. CHAIRMAN: Mr. Forbes, I do not think Mr. Watson is finished yet.

Mr. WATSON (*Assiniboia*): I was just going to say that actually if the asking price is up at the present time, but the wheat we are shipping are on agreements made previously, theoretically then the price we are asking does not enter into the final returns at the present time. Is this right?

Mr. McNAMARA: That is not quite right. We sold a substantial quantity for prices at about current price level. We went up a cent the other day and we have sold very little since that time, but we have sold substantial quantities of



wheat to China at levels very close to those prevailing at the present time. We have sold substantial quantities to Japan and we have sold to our traditional markets. We should reach substantial quantities of wheat, including wheat out of Churchill that has been priced at the current level. In other words, we have a fairly good backlog of business at these present levels which encourages us to think we can continue to merchandise at least at these levels if our competitors will not cut our throats and go down too low.

Mr. WATSON: (*Assiniboia*): There are customers coming along quite often who are buying wheat that is not negotiated. It is just like a customer going into a store and buying goods over the counter. They are buying, at today's prices, new sales which you had not anticipated?

Mr. McNAMARA: We anticipated them and we expected them, but this is right. In markets such as the United Kingdom and Germany, Holland and Belgium, the most of their buying is not done by government agencies, but is done through the trade who act as agents at our price. We have been encouraged in recent weeks at the amount of business which has been coming from these European countries, and not on the deferred price which gives them an opportunity of waiting until they think the price is right, but they have been fixing their prices which, again, we think their thinking is somewhat like ours in that the situation warrants higher prices and they have to fix the price now because it might be higher later on.

Mr. MOORE: (*Wetaskiwin*): I was wondering if our competitors buy enough of the top grade hard milling wheat. This comes into the question of raising or lowering the prices. What is the situation in that regard?

Mr. McNAMARA: I would say that they would have difficulty, but it is a case of the percentage in the grist. Up until recently the United Kingdom, which is the largest importing country of wheat in the world, has been purchasing maybe 55 per cent or 60 per cent Canadian wheat but with the price discrepancy, such as has existed recently, their scientists and chemists are actively exploring to see if they cannot use only 35 per cent Canadian wheat and increase the volume of cheaper wheat in the grist. New methods of grist making are being introduced to offset some of the advantages we enjoyed by a straight blending of our strong wheat.

● (5.00 p.m.)

Mr. MOORE (*Wetaskiwin*): The competitive positions change from crop year to crop year, depending on the crop; anything can happen.

Mr. McNAMARA: That is right; particularly in the indigenous crops. When they have a good crop in Europe they usually need a larger quantity of strong Canadian wheat to carry it. When they have a smaller crop, they import less Canadian and more wheat from the United States and Argentina.

Mr. STEFANSON: Mr. Chairman, the questions I had in mind have already been asked by Mr. Watson. However, there is one matter which I am not quite clear on, Mr. McNamara. Was the agreement made with Russia for the sale of wheat all negotiated at a set price, or is the wheat that is now moving to Russia at the new price, that is has it gone up again to where it was before?

Mr. McNAMARA: No. The sale to Russia was negotiated at the price in effect at the time of the negotiations last October. It was at a set price for the balance of this year.

Mr. KINDT: Mr. McNamara, I wish to turn now for a moment to the marketing sales of domestic wheat from western Canada within Canada itself. For instance, with regard to the marketing of feed wheat, is it expected that the disposal of wheat to feeders in eastern Canada over the coming years will increase? There seems to be a demand for that. If that is true, I have a couple of questions.

The CHAIRMAN: Dr. Kindt, we have the feed wheat on a separate item, do we not, Mr. McNamara?

Mr. McNAMARA: It is involved in this whole pricing policy.

Mr. KINDT: It is involved in marketing and supply. What grades are shipped now and are likely to be shipped in the future? What will the picture of the demand be like?

Mr. McNAMARA: Of course, these grades that are used for feeding purposes in the domestic market and to a large extent in eastern Canada, are used for poultry food and things like that and they prefer the lower grades. What we have been doing is making special mixtures, as we call it, consolidated grades, which works out to the price of No. 5 wheat. In the last two or three years we have been supplying a special mixture of these lower grades of wheat and it works out at the No. 5 wheat price.

Mr. KINDT: In other words, you mix to a No. five grade; that is the demand?

Mr. McNAMARA: That is right.

Mr. KINDT: There would be some better grades than that and some poorer grades?

Mr. McNAMARA: Most of them do not want to pay the premium over the No. 5 wheat price; they are quite satisfied with the mixture at the No. 5 wheat price.

Mr. KINDT: Frosted wheat would be in that?

Mr. McNAMARA: That is right.

Mr. KINDT: Up to now, have you any rough estimates with respect to the approximate movement of wheat to Ontario and Quebec for feeding purposes?

The CHAIRMAN: You mean eastern Canada, Dr. Kindt?

Mr. KINDT: Yes, to eastern Canada.

Mr. McNAMARA: Dr. Kristjanson tells me it has been working out to about 1 million bushels a year to eastern Canada.

Mr. KINDT: For feeding purposes?

Mr. McNAMARA: Yes.

Mr. FORBES: Mr. McNamara, will the European Common Market have any effect on the volume of our sales and the price?

Mr. McNAMARA: It will have some effect. Generally speaking, we have not suffered demand-wise in so far as the common market is concerned because countries such as Germany, Holland, Belgium, and to a degree Italy, prefer strong Canadian wheat to blends of their indigenous wheat. The French, of course, are not using our strong wheat. They are producing a lot of wheat for export themselves and they have different baking methods and different types of bread, which I think is lovely bread, by the way, that they utilize themselves. However, there will be a decline this year in our shipments to the common market due to the pricing factor which I referred to previously where our competitors are offering wheat to that market at prices substantially below normal relationship to Canadian wheat.

Mr. FORBES: I am thinking in terms of the subsidy that they are offering their own producers to produce wheat.

Mr. McNAMARA: As Mr. Lawrie indicated this morning, there has been no marked increase in production in the five of the common market countries, but there has been a very substantial increase in French production on account of the subsidy. Of course, as you know, they set a levy against the imported wheat so that when our wheat arrives, regardless of the price at which we sell it, they add on a levy which brings it up to the value at which their own domestic wheat is guaranteed to their producers. This levy is used by them as a re-export subsidy for flour and other commodities. This is one of the reasons why we have been very critical of some of the exporters lowering prices because it just means that the subsidy goes up that much more and the consuming country is getting the benefit of the lower prices which we are receiving. We could just as well be getting those prices and the levy would be reduced.

Mr. JORGENSEN: I was wondering if Mr. McNamara could tell us of the major exporting countries, how many have subsidized their sales of wheat?

Mr. McNAMARA: I think that, other than Canada, Australia has a small subsidy on flour, Argentina will have a subsidy, but certainly the United States and France and the European countries that are exporting have a subsidy policy.

Mr. JORGENSEN: They all have subsidies. What about the major importing countries?

Mr. McNAMARA: All the common market countries have levies and, of course, they subsidize wheat above the world level.

Mr. JORGENSEN: Including Great Britain?

Mr. McNAMARA: Including Great Britain, yes.

Mr. JORGENSEN: What about Japan?

Mr. McNAMARA: Japan, yes, very notably. The Japanese buy our wheat and then they add onto the price, and they use the profit at which they sell to their own millers to encourage production within their own country.

Mr. JORGENSEN: I see. So it really does not make an awful lot of difference what the fluctuation in price is as far as the consumer is concerned. The consumer still has to pay the shot, either through taxes or through the subsidy



in some form, the same as the exporting country. In effect what you have are political prices. I was wondering to what extent these prices affect our ability to negotiate, and what influence does the government have in determining what the prices will be?

Mr. MACNAMARA: It depends on the country you are dealing with, Mr. Jorgenson. In the case of Japan, all the imports are governed by the Japanese food agency. In the case of the United Kingdom it is free trade; the millers themselves buy. In the case of the common market, they also are free to buy but they have to pay the levy on what they import which brings it up to the domestic price. In the case of South Africa, they have a government agency that negotiates all their purchases. China, of course, has a government agency and everything will have to go through the government agency.

Mr. JORGENSEN: The consumers in those countries really never benefited from the drop in the price about a year ago, and the exporting countries, in particular the United States, never suffered as a result of these, at least the producers never suffered because the national taxpayer took up the tab.

Mr. McNAMARA: That is right.

Mr. JORGENSEN: You have a situation then where the only people who really benefited from this were the Chinese who do not have an import subsidy, and the people who lost were the Canadian, the Australian and the Argentine farmers who do not have any subsidy of any kind to protect them?

Mr. McNAMARA: Would you like to comment on this, Dr. Kristjanson?

Mr. KRISTJANSON: I think that is right, that the only ones to suffer on this were the farmers in three of the five major exporting countries. If the United States received a larger share of the commercial markets through lower prices, which we think they did, the nation would benefit to the extent of the increased sales, but the American farmer is protected against these fluctuating prices.

Mr. CLERMONT: Mr. Chairman, I understand that our wheat is sold through brokers or directly with the country?

Mr. McNAMARA: Yes. Under the system which we have, sir, we have agents of the Board who we enter into a contract with to arrange to represent us, and this includes not only the major Canadian export houses, but most of the international houses. They act as agents of the Board under an agreement that we complete with them and a large percentage, in fact the largest volume, of the commercial business is originated by the international houses. We negotiate directly with these Chinese and some of the other countries such as Russia, but even when we make such negotiations we turn the transaction over to our agents and they complete the details of these transactions, the collections and payments for us. We fully utilize the Canadian trade which includes international houses and the agents of the Board.

Mr. CLERMONT: Are these agents or officers of the government on a percentage?

Mr. McNAMARA: No. It is purely a competitive business; we do not allow them any percentage at all. They compete with each other for the business, and any profit they make they secure in the price they receive from the buyer.

Mr. CLERMONT: Mr. Chairman, according to the table here our sales to South America in 1964-65 were in the amount of 12 million bushels compared with nearly ten million bushels. I would like to know the reason why we are not selling more to South America. Is it a question of competition from Argentina or a question of currency from this country?

Mr. McNAMARA: It is mostly price competition in these countries, but also in some of these countries special concessional aid has been given by the United States. I would like to say that I am not critical of the United States action in giving aid to some of these countries because they have made a tremendous contribution to the development of some of these countries by the aid they have provided.

Mr. MUIR (*Lisgar*): I am rather surprised, in reading the exports by port areas, that the foreign importers did not take advantage of the price of wheat in store at Fort William and have their ships pick it up at Fort William.

Mr. McNAMARA: We had anticipated that after the opening of the Seaway there would be a larger movement out of the Lakehead direction than has developed. However, with the construction of larger lakeboats, which are more designed to the Seaway, experience has proven to them that that grain can be moved cheaper to Montreal and then loaded into ocean vessels, with the result that the business originating in the Lakehead is declining except in the case of special cargoes, such as selected cargoes of malting barley or barley for a distiller where they want the identity of the grain maintained throughout. It is more profitable, and this is showing up even on the United States side where the use of the Seaway is very heavy. A lot of these ocean boats that go in, the draft is such that they cannot take a full load at Fort William or at Duluth or the other ports, and they top off in the Saint Lawrence and take on an extra four thousand or five thousand tons.

Mr. MUIR (*Lisgar*): In other words, it is cheaper to trans-ship.

Mr. McNAMARA: That is right.

Mr. MUIR (*Lisgar*): The other question I had was, do you still have 100 million bushels of Durum surplus?

Mr. McNAMARA: No. We were fortunate that we were able to persuade the Chinese, the Poles and the Russians to accept, under the contracts with us, substantial quantities of the Durum with the result that our Durum position is now much more manageable than it was before. Our visible supply of Durum that we are carrying at the present time is about 21 million bushels in commercial position in Canada and this compares with 37 million bushels a year ago.

It has been rather surprising to us that Durum deliveries in the country are not as large as we had anticipated. The agents had indicated that there would be a total of about 30 million bushels of Durum delivered to the Board this year, but so far there has been only 12 million bushels or about 43 per cent of the Durum delivered. Just why this is, I am not sure. I think one of the reasons is that the Durum is harvested in dry condition and it is wheat which they feel they can safely carry over. Also, some of them may feel that the Durum situation is changing and there is a possibility of premiums again on Durum in

the future. However, I would think that this is somewhat remote, to any great extent, as long as the Americans have 100 million bushels of Durum and are not curtailing their production of Durum or utilizing it in some other special program. I believe some United States Durum was designed to India where I think it could be used very successfully for chapatti, but only a limited volume has been moved out. There is more reason for optimism in Durum prices now than there was a year ago, particularly in so far as the Canadian position is concerned.

Mr. MUIR (*Lisgar*): Do you know if there is any reduction in the acreages sown to Durum this year?

Mr. McNAMARA: Yes, the indications are that there is a slight reduction. I think Mr. Lawrie has some figures which he is anxious to give you with regard to Durum. He might be called a Durum expert.

Mr. LAWRIE: There are no grain experts. However, I think the number one factor in the Durum situation at present is the large volume that has been produced in the United States in recent years, and that country has become a very substantial exporter. For many years their average exports were about six million bushels a year. I think the change came when the United States sold wheat to Russia and, in view of the 50-50 clause, they gave one of the companies a very substantial subsidy to help offset this. The Durums were pulled in, as I recollect, and I assume the United States farmers said, "Well, this is very good" and they planted a substantial acreage and have continued to do so.

Our own western producers have been very sensitive to market conditions and prices in Durums and they have gradually come down until we have got, as Mr. McNamara said, a manageable stock and, it would appear, manageable production.

The present situation, and I have the latest United States publication on the wheat situation, indicates that the carryover will be 64 million bushels at the end of this month. I believe, subject to correction, that their acreage is about the same which could mean, perhaps, another 60 or 70 million bushels yield which gives you probably a total of 125 million bushels at the beginning of the new crop year. So what I want to say is that the Durum situation and the surplus is almost entirely in the United States.

There has been an attempt in Europe, again on the common market, to increase production. I understand that France will produce current estimates, about 80 thousand tons this year, which, I should think, is the largest production they have had. There again the quality is not very good. Whether they are forced to use it or not within the communities, I could not say, but I did think that I would like to explain where the difficulties lie in the Durum situation—It is in the United States and their sales. Their pricing in Durums has been much more severe because it is on a bid basis and they have taken and sold Durums at very low prices throughout the year, and are still accepting very low prices compared with Canadian or Argentine Durums.

Mr. MUIR (*Lisgar*): What do you think our disappearance of Durum would be for this crop year at domestic and export?



Mr. McNAMARA: I believe the exports to date are about 25 million bushels and we use about 3 million bushels at home. I would think that we will come close to the 30 million bushels. In other words, we will dispose of more Durum this year than we will produce.

Mr. MUIR (*Lisgar*): Thank you very much.

Mr. KINDT: May I ask just one other question on this table? Take the small markets, say, to Africa. I see it runs about 4.7 million bushels. There was a reduction in 1964-65 of about 4.7 million bushels. In other words, the demand from African countries is small. The thought, as I understand it, is to have this small consumption in the African countries for the purpose of getting them used to the consumption of wheat. Is there any great outlet or possible outlet to many of these African countries to step it up beyond the 4.7 million bushels as it was in 1964-65 for a greater outlet for Canadian wheat?

Mr. McNAMARA: Mainly the market in Africa, as far as wheat is concerned, is related to South Africa. This is a country where the production varies with droughts and other conditions. One year they will be in for substantial quantities and another year they will buy practically no Canadian wheat. It is an in and out market, as we call it, but our relationship with them is particularly satisfactory and they prefer and like our wheat. There has been some barter transactions for some of the ores they produce that has afforded the Americans to supply them in some years with substantial quantities of wheat.

However, the other markets in Africa, I mean the flour markets, and the competition for flour has been particularly vicious. I use that word advisedly because not only have the United States a double subsidy on flour, but the French, the Italians and the Germans, by using the benefits of their levy, are subsidizing flour. Our mills are having very great difficulty. In the first stage these countries get into bread, in the second stage they get into meat, and I think that before long there will be a substantial increase in the demands for wheat and flour in these African countries.

Mr. KINDT: Is there any aggressive policy being conducted by the Wheat Board or the government to work out ways and means of marketing more wheat to these African countries?

Mr. McNAMARA: I do not know whether you would call our policy exactly aggressive. We have a special technical marketing service with trained men who are linguists who visit these countries and point out the virtues of Canadian wheat. Unfortunately, though, with the subsidy policies that other countries are employing to sell their flour, the reaction is that—and Mr. Earl ran into this very recently in the Caribbean—they love our wheat but at a price, and our mills are under very, very severe competition as far as subsidizing flour is concerned.

Mr. McLELLAND: Mr. Chairman, I would like to ask Mr. McNamara if the Wheat Board has contemplated changing the closing date of the crop year having to do with the exporting or importing countries?

Mr. McNAMARA: The crop year varies in different countries. For example, the United States crop year is July 1 to June 30. The International Wheat Agreement though after surveying the majority of countries throughout the

world and the growing conditions, had their crop year coincide with ours. There has been representation made by producers from time to time that due to quota problems it would be better to have our crop year on a calendar year basis. However, this is related to having a poor crop this year and not being able to deliver the full quota and then having a good crop in the fall, and they could pick up the difference. But it would be very, very difficult to administer on other than a crop year basis.

Mr. McLELLAND: July 31 is a realistic date as far as the Wheat Board is concerned?

Mr. McNAMARA: I think so.

Mr. WATSON (*Assiniboia*): Mr. Lawrie was dealing with Durum just a few minutes ago. I believe Mr. McNamara said that they had not delivered as much Durum as they anticipated. Is there a limit now at eight bushels? Is it right that you cannot deliver over eight bushels of Durum, or can you still go up to your ten bushels on a ten bushel quota?

Mr. McNAMARA: Durum is deliverable on the specified acreage. They can deliver a full ten bushels of Durum if they so desire.

Mr. WATSON (*Assiniboia*): You just mentioned a minute ago about boats on the lake. Are there any ocean boats at the present time going into the head of the lake to pick up wheat that can bypass the strike area? Is there a complete stop from lakeheads?

Mr. McNAMARA: There has been a moderate number of ocean boats come into Fort William.

Mr. WATSON (*Assiniboia*): So there is still a dribble going out of the lakeheads?

Mr. McNAMARA: Not only to ocean boats, but we have been fortunate in the fact that the Port of Baie Comeau and Sorel has not been strikebound, and we are continuing to move wheat into these ports and exporting wheat from these ports. However, we have to be very careful of diverting boats that were designed to another port into these ports, or else they will become hot grain and the longshoremen will go on strike at these ports. I think over the last weekend we moved about five million bushels out of the lakehead to these other ports. So we are making some progress with our exports, but it has slowed down to a walk.

Mr. WATSON (*Assiniboia*): The large volume then goes by laker to, say, Montreal and then is unloaded and loaded into ships?

Mr. McNAMARA: It is clean grain and it is transshipped through those elevators into ocean going vessels—Montreal, Three Rivers, Quebec, Sorel, Baie Comeau.

Mr. WATSON (*Assiniboia*): I have one more question. I believe Mr. McNamara mentioned this morning that they were putting some No. 6 wheat into the terminal elevator in Moose Jaw. Is this going to be restricted to No. 6 wheat? Can you tell us how much No. 6 wheat or low grade wheat, let us say No. 5 or No. 6 or feed wheat, is in the area that you would be putting in there.

Mr. McNAMARA: We estimate that we should move about half a million bushels or 600 thousand bushels. There are two reasons for this decision. The main one is related to the Montreal strike because we want to keep the railroads operating, to keep using their equipment rather than drawing it out of grain, and Fort William is getting tight on us.

The other reason was that in some points in Alberta particularly, where No. 6 wheat predominated we had to move stocks out of those elevators. While we do not have at the present time, any export demand for No. 6 wheat, there is enough low grade wheat at Fort William to take care of the eastern market. It looked like a good opportunity to move this wheat while we had the equipment and put it into surplus storage for the time being. In addition to the No. 6 wheat we are moving to Moose Jaw, we are moving some No. 2 Northern into Calgary for the same reason, because we want to utilize the railway surplus equipment, you might say, that is currently available.

Mr. WATSON (*Assiniboia*): Do I understand you are moving No. 6 wheat from Alberta into Moose Jaw?

Mr. McNAMARA: That is right.

Mr. WATSON (*Assiniboia*): And the No. 2 wheat could be coming out of Saskatchewan into Calgary, or is it out of Alberta?

Mr. McNAMARA: Most of it is coming out of Saskatchewan but it is all taken on lines that are direct haul to these destinations. We do not move back haul into either point. The No. 6 wheat will be wheat which can be moved on to Fort William because there is no export demand for No. 6 wheat. It is a domestic market consumption; it will have to be funnelled through the lakehead.

Mr. WATSON (*Assiniboia*): We hope it does not happen but if the strike does continue and the situation becomes serious, would the Board consider possibly filling Moose Jaw in order to try to equalize quotas or not?

Mr. McNAMARA: I think we would have to give very, very careful consideration to that because, as I indicated before, it is an extra six cents per bushel and this is paid for by the farmers. For example, we have been under pressure to fill Lethbridge. Well, Lethbridge is a million bushel elevator and in three days we would fill it up and it would cost us six cents a bushel. If it comes to the point of how close we are to meeting our objective I would say that if, by utilizing these government elevators, we can accomplish the ten bushel quota, we will certainly give it serious consideration. But if the strike continues to deteriorate and we are faced with a large volume of grain that we have to leave on the farms below the ten bushel level, I think it would be penny wise and pound foolish to spend an extra six cents on a few million bushels just to try to give ten per cent to a limited number of stations.

Mr. WATSON (*Assiniboia*): I think I would have to agree with you there. Let us talk about late July now, that is up to the point where the farmer realizes he is not going to get his ten bushels delivered on an equalized basis. Once he misses delivering his ten bushel quota this year, he has the same problem to face next year and it boils down to the fact that he has just lost X amount of dollars because he cannot deliver these bushels.

Mr. McNAMARA: That depends on his next year's production.



Mr. WATSON (*Assiniboia*): We all hope for another year like last year.

Mr. McNAMARA: I am a westerner too and I live on next year, but when you get five big ones out of six, the law of average starts rolling around on me again. One of the most difficult problems we have in this connection, and I am certainly not criticizing any farmers, is that so many of them watch the new crop with the result that July becomes a heavy delivery month and we get estimates as to whether it should be delivered. In the last two weeks of July, when you see a bumper crop coming along, you decide to sweep your bins out and deliver every bushel possible. This has been a lot of our difficulty in recent years. I think these statistics in the table will show that last year during July it was the heaviest delivery month during the crop year. No doubt it is influenced by the fact that an excellent crop is being produced.

(5.30 p.m.)

Mr. WATSON (*Assiniboia*): I doubt whether I can completely agree with you there, Mr. McNamara. I think the big reason is that in the last few years it has been lack of boxcars, and it was just the fact that there were boxcars put in under pressure the last couple of weeks that they delivered.

Mr. McNAMARA: This may be the case, but I can give you figures where station agents, after consulting with each other and their customers around the middle of June, told us how many bushels would be delivered under the quota that was in effect. In the last two weeks in July they raised that by 100 thousand bushels at some individual shipping points which made it impossible for the railroads to get an extra 50 cars in in the last five days in July.

Mr. KINDT: I have one or two more questions on this question of farmers' delivery. When you go out among the farmers, of course, that is the question we are confronted with, namely they see a picture, with this strike on, of the possibility of a big carryover on farms. If that were true, then there will not be any extension of the August 1 cut-off date between the crop years, whether it is delivered or not? That is item number one.

Mr. McNAMARA: No.

Mr. KINDT: The second question is, would wheat delivered, say, on July 30, in terms of averaging for price, be in this year's crop? Wheat delivered, say, on August 2, would be in the next year's crop?

Mr. McNAMARA: Not necessarily, no. A producer could deliver grain under its current quota on July 30 and keep it on storage ticket, and then elect to sell on August 3 and get the next year's price.

Mr. KINDT: I see.

Mr. WATSON (*Assiniboia*): They never announce the price that soon though.

Mr. McNAMARA: The initial price has been pretty constant. We do not announce the final price though. It is a gamble you must take.

Mr. RAPP: Mr. Chairman, is the Canadian Wheat Board only going to be here today and tonight?

The CHAIRMAN: Yes.

Mr. RAPP: Then we should not dwell too much on some items and pass up others which are on our books. I think we should take that into consideration. It is almost 5:30 o'clock already, and then we only have from eight until ten o'clock tonight.

The CHAIRMAN: You have no questions at this time?

Mr. RAPP: Yes.

Mr. JORGENSEN: I am inclined to agree with Mr. Rapp. I was just going to suggest that perhaps we should consider that we have completed Part II and move on to Part III. I think Mr. McNamara has covered this pricing situation very thoroughly.

The CHAIRMAN: Mr. Pugh has a question. We decided we would go through this report item by item; this is what was suggested to me by the committee, and I think specifically by you, Mr. Jorgenson. I am not going to stop questioning on any of these items, if any one has any questions.

Mr. RAPP: It is not a question of stopping people from asking questions.

The CHAIRMAN: You are suggesting this by what you are saying now.

Mr. PUGH: Mr. Chairman, I will try to be brief, and I will try to move further along in the book because I want to refer to a table. I am a little worried, actually, Mr. McNamara, about the total percentage sales which Canada is making in the whole wheat area. It seems to me that by price cutting we have lost a fair amount of the European market, certainly as compared to last year. I am wondering if the price cutting may be extended into the Russian and the Chinese markets. I said I was going to refer to a table. The one I want to refer to is on page 15, where it shows exports of wheat and wheat flour by principal exporters, distribution by quantity and percentage of world trade. It shows Canada as a fairly consistent exporter, although we are dropping gradually when you go right back to 1945 and 1946.

The CHAIRMAN: What page is that, Mr. Pugh?

Mr. PUGH: Page 15. Table XVII in the statistical tables at the back of the annual report of the Canadian Wheat Board. Now, in your preamble you say that there is a fair amount of price cutting and that we lost out heavily this year in our European market. Our percentage of sales has also dropped as against last year. We have had large sales to Russia and China, and we are losing out on the European market now. Is there any indication that any of these other world exporters are going to enter the Russian and Chinese markets and thereby, unless we come well down in our price, will be cutting into Canada's percentage of the total world export trade of wheat and flour?

Mr. McNAMARA: Yes. I tried to explain this before. This is one of the things which concerns us because the wheat we refer to as our traditional market, of about 250 or 245 million bushels, this is where there are really competitive markets. For example, take a year like this year, as I say, we now have sales in our books of 600 million bushels which is the capacity to deliver, and for which we are getting current prices. If this situation continues, sooner or later we will be faced with the question, are we going to be only communist suppliers instead of these other markets, and forget our traditional markets, or are we going to

have to meet the competition of other exporters in the traditional markets? This has been causing us a lot of concern in recent weeks because we have been putting our price up and securing this price for these other buyers, and yet losing out in our traditional markets.

Mr. PUGH: Just following along what Mr. Jorgenson said, that in actual fact the Canadian wheat producer is subsidizing programs in the various foreign countries to which we export, and European countries were mentioned. Surely, the major members who form the International Wheat Agreement should get together on this price fixing. If you do not call it that, those who undercut then subsidize those European markets. We mentioned specific ones before.

Mr. McNAMARA: I think, sir, this is one of the hopes of the GATT and the Kennedy Round of negotiations namely that commodity agreements will be reached as a result of these negotiations which will tend to offset the discrepancies.

Mr. PUGH: In other words, subsidy by exporters will not only come under it, but also the prices which are given by the countries who are importing, and how they treat our wheat or what extra money they make off it for their own purposes.

Mr. McNAMARA: And their contribution to foreign aid will be part of it as well as the exporting company.

Mr. PUGH: I believe the situation in European markets should be a matter of very great concern for us at the present time; that is our percentage sales to those countries as against the other exporters in the world.

Mr. KRISTJANSON: It is of concern, but the hard choice you have to make is do you maintain your prices when you can sell at the maximum of the transportation capacity of the country, or do you say, "Well, we have just got to, at all cost, maintain our traditional markets in western Europe and lower the price". Now, lowering the price for us means lowering it to the farmers in western Canada.

Mr. PUGH: Regarding this price of sale, is there a balancing point as against overhold on wheat in storage, balancing prices against sale now or sale next spring?

Mr. KRISTJANSON: Yes. These things all come in and there is no magic formula which you can apply to determine when you should hold. This is a matter of market judgment.

Mr. PUGH: Because of the price cuts, do you think we have—just going along with what Mr. McNamara said—possibly lost some of the traditional European markets?

Mr. KRISTJANSON: Yes, and I would hope temporarily. When you say "because of the price cut", because of the fact that we did not go down as low as our competitors did, we have undoubtedly lost some share of our traditional markets. However, when we can export 600 million bushels, which is all that can be transported, to say our prices are too high, is a little bit difficult.

Mr. PUGH: Yes, but it is a changing market. I started my remarks on Russia and China.



Mr. KRISTJANSON: Yes. The destinations are changing. The Chinese market is certainly expanding; the Japanese one has been expanding over the years. Russia, of course, is brand new in this volume. Eastern Europe has been growing.

Mr. MUIR (*Lisgar*): Mr. Chairman, may I propose a motion at this time, namely that we take Item 6 as having been read?

The CHAIRMAN: I do not think it is necessary to propose a motion as long as the committee are agreeable to this.

## 6. Pricing of Wheat and Flour

### (a) POLICY

Pursuant to its obligation to promote the sale of grain produced in Canada in world markets the Board endeavoured to keep its prices for export wheat competitive at all times. Wheat was provided to Canadian mills for grinding into export flour at the same prices as it was available to overseas buyers.

As in previous years the Board was required to sell wheat, other than Durums, for domestic use at the same price as it sold export wheat for registration under the International Wheat Agreement. The official directive for this policy was Order in Council P.C. 1964-890, June 18, 1964.

The Board quoted separate daily asking prices for wheat (a) in store Pacific ports, (b) in store Fort William/Port Arthur and (c) in store Churchill. Export selling prices c.i.f. St. Lawrence ports, c.i.f. Atlantic ports and, as required, in store at intermediate Seaway ports were also announced by the Board. The purpose of regional pricing was to maintain the competitive position of export wheat in major commercial markets irrespective of the port of shipment.

Mr. CLERMONT: Mr. Chairman, under what title or number does the domestic sales of wheat, oats and barley come?

Mr. McNAMARA: On page 23, under General Comments on the Marketing of Oats. However, I might suggest, if you want to get into the details of the marketing of oats as well as the realized prices of wheat, oats and barley, that the information, in the final accomplishment of the closing out of the pool and the actual realized prices, is contained in the supplementary report. This is where you get the final results of the year's operations. The same applies to the financial statements which we have in this report. These are only as of July 31 and really do not reflect at all the actual closing off ration of the pool. It would be much better to deal with these items under the supplementary report.

Mr. CLERMONT: Mr. Chairman, I would like to ask a few questions on these matters.

The CHAIRMAN: I think other members would like to ask questions on this topic too, but I think it was agreed that we would proceed, for the time being, with the items as they appear, and at the evening meeting probably go on to the oats, barley and feed grains. We are accepting then Clause 6, Pricing of Wheat and Flour, as read. Does the committee agree to this?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: We now go to the Canadian grain position. What is the wish of the committee with regard to this item?

Mr. McNAMARA: I think we have covered it fairly thoroughly by general comments.

The CHAIRMAN: I think someone had a question this morning on delivery quotas.

Mr. JORGENSEN: I would like to ask a question on delivery quotas. I have been waiting to ask it, as a matter of fact.

The CHAIRMAN: I think several members mentioned this subject this morning. I think, Mr. Jorgenson, that Mr. McNamara said this morning he had a statement on delivery quotas, so is it all right if he reads this statement?

Mr. JORGENSEN: Yes.

Mr. McNAMARA: May I inquire, Mr. Jorgenson, if your question is related to quotas in 1964 or 1965, or the current position this year?

Mr. JORGENSEN: It is really not either of them. It is something else I would like to raise in connection with quotas.

Mr. McNAMARA: The statement which I wanted to make and which I might as well file now is with regard to the quota policy which the Board envisages for this year.

#### THE CANADIAN WHEAT BOARD QUOTA OBJECTIVE—1965-66 CROP YEAR

In mid-May country elevator agents at all shipping points in Western Canada submitted estimates to the Board of the quantities of grain remaining on farms and which producers wished to deliver by the end of the current crop year, July 31st next. An analysis of these estimates indicated that the Board could equalize quotas at the 10 bushel per specified acreage level, taking into consideration the sales commitments we had entered into and the volume of transportation which could be provided by the railways.

A 10 bushel quota was, therefore, tentatively established as a target figure for all delivery points, and this objective appeared attainable until the past few days. The continuation of the longshoremen's strike at St. Lawrence River ports, and the resultant interruption in export shipments, will restrict the flow of grain from farm to terminal positions.

At the present time, and particularly if the strike should continue for even a very brief period longer, it appears that some stations may not attain the objective by the end of next month. Most producers will have an opportunity to deliver a full 10 bushel quota; indeed most stations are already at this quota level; but there are areas in Western Canada, where heavy concentrations of grain may result in somewhat lower quotas.

I can assure the committee that every effort will be made by the Board to equalize quotas at the 10 bushel level, and we are sure the railways will co-operate to the maximum extent to achieve this objective. It may be, however, that congestion in terminal positions as a result of a prolonged strike will preclude complete equalization at all shipping points. This is related to the current crop year.

Mr. JORGENSEN: Mr. Chairman, I should like to preface my remarks, first of all, by expressing on behalf of the people of the Red River Valley our sincere gratitude to the Board for their co-operation during the flood. We had a dry run last year and we learned a little of how this could operate. I must say that this year the co-operation of the Board, the railways and all the people concerned was excellent in moving the grain out. It indicates to me that when unusual situations do arise there is enough flexibility in the Board's makeup that they are able to cope with it.

That brings me to the situation that I wanted to discuss. It relates to the deliveries of flax a few years ago in the Red River Valley area where a number of farmers were charged under certain sections of the Act in violation of the delivery of flax. I am not critical of the Board for taking that action because it was necessary to do by virtue of the Act.

However, there was a peculiar situation which existed in the area at that time due to the lateness of the—and again you might have a comparable situation this year—seeding. Most farmers in the area were able to get in very little wheat. Most of them turned to flax for the crop that year. When the fall arrived and the harvesting began, I think it is generally known that the elevator situation in the area was, as far as capacity was concerned, excellent; there was a lot of room. A good many farmers decided they would deliver their flax to the elevators. I do not blame the farmers for doing this because, as you know, flax is a difficult crop to store. I think there were some mistakes in allowing some of that flax to be shipped to the Lakehead, and I think it was at the Lakehead that actually the over deliveries were noted. However, I was wondering, under circumstances such as this where there was a lot of room for flax to be stored in those elevators, and it would not have hurt anybody to have flax in there; it was not taking the place of wheat because there was no wheat in that area, or very little, if some special provision could not be made. What would you consider to be desirable in order to take care of a situation like that so that there would be no unused capacity so far as the elevator is concerned, and yet would not interfere with the very desirable movement of grain to port facilities? It seems to me that because of that peculiar situation—it was a rather limited area—that if an application could have been made, and an investigation made into the situation, that perhaps the Board could have granted deliveries of flax in that area, provided no shipping orders were given in order to make sure that the flax did not interfere with the movement of wheat to the Lakehead. In view of the experience we had during the flood and the ability to do that very thing, could it not be done under special circumstances such as this?

Mr. McNAMARA: In dealing with your first reference, Mr. Jorgenson, to the Red River flood, we felt, and I am sure we were right, that under the conditions that were developing in the Red River and the certain knowledge this grain would be destroyed if it were not put into commercial facilities, that we had no alternative. I am pleased with your reaction, and I might say we have had similar reactions from practically all producers.

But, let me remind you, that some of our friends in western Saskatchewan and in Alberta, who have not had the opportunity of delivering their eight bushel quota yet, are paying for that delivery because cars and equipment were



used to move that grain out of that area in a terrible condition. So that when you make an exception to your quota policy, or when you recognize that Manitoba producers who, probably through no fault of their own, harvested their grain in a tough and damp condition, and you give preference to them on delivery, that you are penalizing deliveries of other people who harvested dry grain.

I think that this problem is getting a little beyond the scope of the Canadian Wheat Board because I do not think we can continue the movement of out of condition or slightly tough grain at the expense of dry grain, or we will soon be influencing producers to take their crop off a little too soon because they get better delivery for their produce. I think the Manitoba or the federal government or someone, even the farmers themselves, must learn that if they are in an area where moisture predominates and the normal crop is harvested, there has got to be farm drying, as there is in most countries of the world, or steps must be taken by the producers themselves to protect their commodity and not have it delivered at the expense of other people who harvest dry grain. But, as I say, I am perfectly happy and my conscience is clear, and I am sure that of the repercussions or letters which have come from other producers in western Canada, there has been no criticism of the Board's action in dealing with this special problem.

With regard to allowing producers to exceed their quota because there is local country space, this would apply to other grades as well as flax. The principle of the quota is to give all farmers, regardless of the fact that there are other opportunities, equal marketing opportunities to the extent that grain can be merchandized and taken into commercial facilities. Due to circumstances, sales of certain grades of many kinds, we find that there is unused space in certain country elevators, and if you allow those farmers then to deliver, regardless of the quota, into that space, you would eventually create a situation where the pipeline would be blocked and grain would be delivered and be shipped which would impede our ability to deliver the grades that we had sold to customers who wanted to buy at that time.

As you say, if we could rigidly police the situation where we could allow the flax to be delivered regardless of the quota, and regardless of the regulations and not ship it, this, to some extent, might correct this situation. But flax is a very volatile crop and to the extent that you take deliveries into commercial positions and load the market with flax, you have a great tendency to depress the market and the consequent level of the flax price might work to the disadvantage of other farmers who were delivering within the quota. Our policy in controlling rye that we do not market, or flax or rapeseed, is that there is no reason why wheat producers should have more than a fair share of the basis in commercial facilities that become available. At the same time, we are very conscious of trying to keep an adequate supply of these grains in position to service to market requirements, but not to depress the market.

Mr. JORGENSEN: I appreciate very much what you have said, Mr. McNamara. There is one other problem in connection with flax. As you know, the Board does not take possession of the flax; it is still sold on the free market. Yet by virtue of the application of your quota system, farmers are pretty well told when they can sell their flax. I do not think this is a policy decision which

the Board has to make, but it does seem to me that it is a policy decision which the government is going to have to make very shortly. If they are going to be placing farmers in the position where they are going to tell them when they can deliver, or when they can sell their flax, and it might be at a very depressed price when they could have been selling it at a good price, then they must take some responsibility for price as well. You cannot allow this situation and have the Board responsible for it, where farmers are being told when they must sell and at what price. In fact, this is what you do; you are telling farmers at what price they can sell their flax. So I was glad, this morning, when you made the statement that you were quite prepared to accept the responsibility of administering sales of flax and other grain under the Canadian Wheat Board Act, and that you could manage it if you were given that responsibility.

Mr. McNAMARA: I think this is the strongest argument advanced for Board marketing of these coarse grains, namely the fact that we have to control the delivery and the transportation of them. However, on the other hand, I hope, in stating that we are capable of handling it, I also left it clear in your mind that an operation in flax and rapeseed, particularly rapeseed, is entirely different in so far as an operation in wheat, oats and barley is concerned. You cannot expect that we would have the same marketing influence to handle these crops, when we produce such a very small percentage of the world requirements, as we would have for oats and barley. I think all that we could hope to do would be to average prices for the producers during the year. We would not have the influence that we have in wheat where we can sit back and sell our wheat at a premium, and know that the demand is such that people have to buy our wheat. Of course, our flax is no better than soy meal and probably not as good as many in the world, and would have to be sold in competition.

The CHAIRMAN: Have you finished, Mr. Jorgenson?

Mr. JORGENSEN: Yes, thank you.

Mr. FORBES: With respect to the farmers taking their grain off tough in order to get in on the quotas, do you not think that this spread in price is a sufficient deterrent to prevent them from doing this, and especially in view of the fact that you have reduced the moisture content of wheat by one half of one per cent?

Mr. McNAMARA: Yes, but this is a decision of the Board of Grain Commissioners with regard to the moisture. There is a difference in the reading of the calibration of the moisture tester. But it is difficult to criticize a producer because when it gets late in the season and that crop is out in the field, he is afraid he might lose it all if he does not get it harvested. In certain areas of the west, and this is mostly confined to the Red River Valley, although there are parts of Alberta too and remote areas in Saskatchewan, normally the grain that is being delivered is out of condition, and this is expensive. In our final payment this year you will notice that we had to widen the credit on tough and damp grain because of the additional costs that were involved in conditioning it. However, I would say this year that if the situation in Alberta had been like Manitoba, where 80 per cent of the grain that has been delivered has been out of condition grain, that has to be conditioned before it can be exported, that the situation which developed in Vancouver, which was

serious this year, would have been impossible because we just have not got the drying facilities in those terminals to condition that volume of grain. Even now, part of our problem at the Lakehead is that 80 per cent of the grain originating from Manitoba elevators arrived in tough and damp condition. Some of those terminals have more tough and damp grain than they can dry in the next six months. This grain is useless to us at the present time to meet export commitments.

Mr. FORBES: Just to refresh my memory, what is the spread now between dry and tough and tough and damp?

Mr. McNAMARA: Four cents, I believe, and the tough and initial payment price is for the top grade. Damp is 16.

Mr. FORBES: From four to 16?

Mr. McNAMARA: Yes. A tough grain goes up to 17; anything over 17 is damp. There is a lot of consideration being given, and I think it is something that should be studied, that instead of having such a wide spread between the tough and damp the price should be determined on the actual moisture content of the grain. People who are just over the line have been penalized heavily, whereas people who deliver 18 and 19 per cent water in their grain profit.

● (6.00 p.m.)

Mr. FORBES: With respect to reducing the moisture content, do you think that we actually gained anything in doing that on a competitive basis, or was this the principle behind it?

Mr. McNAMARA: It is difficult to say. Certainly, in so far as we are concerned, the Americans have taken steps to reduce the moisture content in their grain. The Australian and the Argentine grain has been delivered in a drier condition than Canadian grain. In some countries, South Africa in particular comes to mind, they complain about the moisture quantity in Canadian grain. Buyers do not like to pay for water, and to pay freight for water.

The CHAIRMAN: I think we should adjourn. It is six o'clock, and we will meet back here at eight o'clock this evening.

Mr. MUIR (*Lisgar*): Before we adjourn, can we finish this item on over quota delivery for flax. This happens in an area in the Red River Valley.

The CHAIRMAN: Can this not wait until eight o'clock, Mr. Muir?

Mr. MUIR (*Lisgar*): I think that perhaps a big mistake was made when some of the elevator agents purchased this over-delivery and paid for it. There was no chance that the elevators would be filled with wheat, but had there been a specified over-delivery without payment in order to let the farmers get the flax in the elevator, would that not have been better?

Mr. McNAMARA: Of course, if it is not paid for and if it is storage, then the farmer has to pay storage.

Mr. MUIR (*Lisgar*): He would have to be prepared to pay the storage.



Mr. McNAMARA: The whole secret of the quota system is that it is something like liquor regulations. You must have the support of the producers and the co-operation of the producers, and we feel that unless we adhere to the Act and regulate our quotas in accordance with it, if we start allowing people to deliver when they want to deliver, then the whole system will eventually crumble.

The CHAIRMAN: We will adjourn until eight o'clock.

#### EVENING SITTING

● (8.00 p.m.)

The CHAIRMAN: Order.

Mr. KORCHINSKI: The Board is usually quite aware that when you go into a new year all farmers expect to deliver an initial quota at some sort of a price and usually there is a waiting period of a month to a month and a half sometimes. Why is it necessary to have this waiting period? After all, in most cases we end up with just the same price as we had the year before anyway.

Mr. McNAMARA: As far as the initial payment prices are determined, there is really no excuse for any delay, and there has not been any excuse in recent years.

The delay which has occurred is subject to two things; one concerning the negotiations with the elevator companies with regard to the allowances, or the handling charges that will be agreed to. If we started buying on the basis of the handling margins—and some year I hope we will not and I do not expect we will be—we would be forced to increase the margins and that, of course, would affect the price of producing them, and there would have to be refunds.

So far as the grades other than No. 1 Northern, and the lower grades of oats and barley are concerned, the spreads do vary from year to year on these grades, depending on the production. For example, if you get an enormous crop of No. 5 wheat, and you are going to have to widen the discount in order to dispose of it, then each pool stands on its own merit. However, if we had a loss in No. 5 wheat, it would come out of the producers of the higher grades. Therefore, some care has to be exercised until you know what the grade pattern of the crop is going to be. Mind you, this does not cost the producers anything, because they can deliver the grain; we pay the storage, and they can get an advance interest free from the elevator companies during the period until these wheat spreads are determined.

Mr. KORCHINSKI: Do you pay any of the storage?

Mr. McNAMARA: Yes, we do. We pay the storage in the regular way.

Mr. KORCHINSKI: In the end, the farmers do.

Mr. McNAMARA: Oh, yes. We have no money of our own, including me. I mean, the producer would be in the same position if he sold it, because we would be paying the storage if he sold it.

I am conscious that these delays should be avoided, but in recent years it seems to me that harvesting has been delayed. It has been a very difficult question to decide, much before September 1, what the grade pattern is going to be.

Mr. McLELLAND: Has the Board ever considered changing the unit system, for instance, to raise it right off the bat automatically to 1,000 bushels?

Mr. McNAMARA: We have considered this, but under the unit system at the present time it allows the delivery of about 100 million bushels of grain. Now, in years when we have a good export movement early in the fall, as we did the last few years and I expect we will next year, it does not take so long to get off the unit system. However, in years of sluggish marketing, it is sometimes January or February before we can provide enough space at some points to require the unit system. If you raise the units from about three hundred bushels to a thousand, this would probably mean 200 or 250 million bushels of grain would have to be delivered before you could take the unit system. I do think that we are giving consideration to whether it would not be advisable to slightly increase the amount of grain that should be delivered under the unit system. The original idea of the unit system was to give all producers, regardless of the size of their farm, a marketing opportunity to deliver a reasonable percentage to get some immediate cash. Of course, it works to the advantage of the small producer as compared to the large producer. But due to the increased cost and things of this sort, I think a case can be made for modestly increasing the quantity that should be delivered under the unit. With 230,000 farmers, 1,000 bushels would take in a very large percentage of grain if you put it on the unit system.

Mr. McLELLAND: Yes, but it is known that in a lot of cases the elevators have room available until a quota has been announced. Now, there are a great many farmers who will not take advantage of delivering one truckload of wheat, which is 300 bushels. Now, if it were 1,000 bushels, the space in the elevators would fill up in the fall, would it not, and the wheat would be hauled in a little bit more orderly?

Mr. McNAMARA: I do not think so, because at many points, if you allowed all the producers to give 1,000 bushels, perhaps 10 per cent of the farmers would deliver it and congest the elevators, and the other 90 per cent might have to wait many weeks before they could deliver anything at all. Generally, the space situation is that you can accommodate the 300 bushels within the first couple of months of a marketing season. However, with regard to 1,000 bushels per producer, I am satisfied that many points would become congested with a limited number of producers getting the benefit of the 1,000, and many producers not getting any delivery opportunities at all.

Mr. McLELLAND: But 300 bushels is not really of any benefit to, I would say, 75 per cent of the producers, is it?

Mr. McNAMARA: Well, in my days it used to be that \$600 or \$450 was worthwhile.

Mr. HORNER (*Acadia*): A supplementary question: Could it not be enlarged, though? A 300 bushel quota is an arbitrary figure. In the light of increased costs to farming and improved handling facilities and improved marketing conditions generally, could it not be enlarged? Perhaps 1,000 is too much, but could it not go to 500?

Mr. McNAMARA: I think there is a good case for enlarging it over the present situation, because of the increased cost of living factor. For example, last year the Albertans went in with practically complete congestion in elevators, and it took us a long time before we could even accommodate the unit quota at many points.

Mr. HORNER (*Acadia*): But I am thinking of the irrigated farmer, for example, who has a very limited acreage, and a pretty high yield. He is at quite a disadvantage to a dry-land farmer like myself who has lots of acres and a lower yield, and an initial quota means a lot to him. He has a great deal more expenses than perhaps a dry-land farmer.

Mr. McNAMARA: I think this point is well taken, and we have in mind giving consideration, depending on the situation at the end of July, as to whether it might be possible to increase the unit quota. I would not want to leave the impression that I think 1,000 is a realistic figure.

Mr. McLELLAND: Whether it is 1,000 or whatever it is, the wheat all goes in that point anyway, does it not?

Mr. McNAMARA: It is a case of timing, sir, though. Say you have 1,000 signatory farmers to some of these big points; that means that 100,000 bushels of grain have to be delivered before you can increase the quota. If you only have a 25,000 or 30,000 bushel space to start with, a lot of farmers are not going to be able to deliver even one bushel for some time.

Mr. McLELLAND: But the unit system is 800 bushels of oats, is it not?

Mr. McNAMARA: That is right.

Mr. McLELLAND: 500 bushels of barley?

Mr. McNAMARA: Yes.

Mr. McLELLAND: Well, 800 bushels of barley goes in exactly the same space as 800 bushels of wheat, actually, so the quota for wheat could be raised as far as space is concerned.

Mr. McNAMARA: Well, of course, if you raised it to 1,000 bushels of wheat, the wheat would be predominating then because they get that much more cash out of the wheat than they do out of the oats.

Mr. HORNER (*Acadia*): I am satisfied with the answer, Mr. McNamara, as long as you are considering it in the light of bargaining conditions next fall, provided they are as optimistic as they can be, and the strike is settled, and so on.

Mr. McNAMARA: We will keep this in mind, Mr. Horner, and I think that if conditions warrant it, that we should do it.

Mr. HORNER (*Acadia*): If I might, Mr. Chairman, I would like to go on and ask some more questions on quotas. Mr. McNamara, there was quite a bit of discussion in the House concerning delivery quotas, and the question as to whether they were actuarially appropriated to various parts of western Canada during the last fall. I do not know if someone has brought this up already or not, but with regard to the constituency of Assiniboia, the charge was made that they had a five bushel quota practically immediately.



The CHAIRMAN: No, they did not bring up this specific case, Mr. Horner.

Mr. HORNER (*Acadia*): But I think that he should have an opportunity to reply to the charge which was made, and the thing should be aired. This is why I am bringing it up now, and I know that in many areas in my constituency quotas were very low and farmers were greatly concerned. I was surprised to hear that any constituency, or any part of western Canada, was on a five bushel quota when there is only a unit quota in many parts of my constituency, and in many parts of western Canada.

Mr. McNAMARA: Well, of course, gentlemen, space varies at the individual points at the beginning of the crop year. There are certainly going to be some points particularly on the Canadian National Railways right now, where there is more than enough space for a ten bushel quota, and we are still going to have to draw certain grains. We will be going into the crop year with these points practically empty; it varies from time to time.

However, with regard to the specific charge, I was informed by the newspaper, and was advised that a charge had been made that we had tried to raise quotas on the basis of political interference from the government. This is not the case at all. We work from reports from the agents and from our statistical information, and when the situation warrants an increase in that quota, we automatically do it. I want to say this, that I have been with the Board now for 22 years, I have been a commissioner for 23 years, and never in the history of my association with the Board has any minister of any of the governments that I have had the pleasure and the privilege to work under, interfered with regard to the administration of quotas, and no pressure has ever been brought on us at any time by any of the ministers to whom I have been responsible regarding quotas. I can say that we are far too busy; we do not know the constituencies, we do not know the candidates, and we are not trying to operate a quota system with any political bias whatsoever.

Mr. HORNER (*Acadia*): Well, I thought perhaps that would be the answer, but I still felt that there was a discrepancy, and perhaps it was because of different grades, or something, I really do not know. I realize the actual allotment of quotas depends on the space, the demand and the grade. I just know that at that same time most of my constituency was on a unit quota, and farmers were greatly concerned.

Mr. McNAMARA: Well, there was certainly much more space in that area in Saskatchewan, going into the crop year than there was in Alberta because, as I mentioned earlier, the Vancouver strike and the shipments being retarded in July and August created a lot of congestion in Alberta. I think, for the first time, to use an expression, you were kind of at the tail end of the dog in so far as quotas were concerned in Alberta.

But, certainly, gentlemen, and I say this with all sincerity, in the operation of the quota system we are using machines, computers, the figures come out, we act on the basis of these figures, on the reports and receipts from the elevator agents recommending quota increases, and we do not take time to try to study what the political aspects of a particular situation are in any way. I am very pleased to report to you that no government, and I include all the administra-

tions with which I have had the privilege to work, has ever in any way tried to influence quotas at any station in this area.

Mr. KORCHINSKI: Do you, in certain cases where you have—

The CHAIRMAN: Have you finished, Mr. Horner?

Mr. HORNER (*Acadia*): Not quite.

The CHAIRMAN: Order. I would like to keep a little order here, so we know where we are at. I wish you would address the Chair so I know who you are talking to.

Mr. KORCHINSKI: Yes, sir. In certain cases where your computer would indicate that there is space available, and that, for all intents and purposes, the quota should be raised, but you do not have a recommendation from the agency, would you still raise the quota in that area?

Mr. McNAMARA: In some years we do. This year we have been following the practice of trying to get recommendations. Now, we do not always get the recommendations. One particular elevator might be a little bit congested; his competition has lots of space, but he does not want the quota raised so he will not sign it. Well, in those cases, if our figures indicate that the quota should be raised, we will not try to protect anybody's particular business on the market; if there is space for producers to deliver a fair share of the new quota, we automatically raise it. We are not committed to be guided by the agents at all. It is surprising how many of these agents try to use the quota system to protect their own particular interests in the market. I would have done the same if I were working for them, I suppose, too.

● (8.30 p.m.)

Mr. HORNER (*Acadia*): What do you mean by that remark, "to protect their own particular interests"?

Mr. McNAMARA: Well, you will find at some houses probably packing is congested, the opposition has lots of space, the quota has been delivered, but there is not enough space for him to take in his share of the new quota; he will not petition for the quota to be increased until he gets more cars, and he would like to see the other farmers have to wait until he gets space so he can protect his share of the business from the market.

Mr. HORNER (*Acadia*): In allocating quotas, in other words, you use your own judgment with regard to grades and delivery routes. You, no doubt, experience a great deal of difficulty with regard to quotas on CPR lines earlier on in the fall, am I right?

Mr. McNAMARA: This is right.

Mr. HORNER (*Acadia*): Has the Wheat Board any influence over delivery of box cars from some of the railways to different lines?

Mr. McNAMARA: I think we have some influence. We have no direct control, but we keep the railway management conversant with the problem, and where the cars are needed. We cannot force them to put cars into certain areas, but, as I reported this morning, in all my years in the grain trade we have never had

better co-operation than we have had this year from the railways and the elevator companies. There have been discrepancies, but they have been caused to a great extent by policies which we had to adopt. We are receiving, and particularly in the last few months, excellent co-operation from the railways.

The CHAIRMAN: I think, if I may interrupt, Mr. Horner, if you will check the proceedings when they are printed you will find that this question about the influence they have on the railroads has been asked at least four times.

Mr. HORNER (*Acadia*): Then I am sure you will bear with me if I ask it a fifth time.

The CHAIRMAN: Not necessarily so. I may put up with it, but I do not bear with it.

Mr. HORNER (*Acadia*): As long as you put up with it, I do not care whether you bear with it.

Mr. McLELLAND: May I ask one more question, Mr. Chairman?

The CHAIRMAN: Mr. Horner, have you finished?

Mr. HORNER (*Acadia*): Not quite. I was going to carry on with one more question, if you will allow it, Mr. Chairman.

The CHAIRMAN: If it is not a repetition of something that has already taken place, it is all right.

Mr. HORNER (*Acadia*): I find that the committees in this particular year, Mr. Chairman, are in repetition with a lot in the manner in which they are carried on, by not allowing supplementary questions on a given subject. I find this committee and other committees operating in the same way; they are planned for repetition.

The CHAIRMAN: This may be your opinion.

Mr. HORNER (*Acadia*): That is my opinion, and let us have no buts or mayes about it.

The CHAIRMAN: But I have taken the time myself as Chairman to go and visit these other committees when they are in session, and most of the chairmen that I have witnessed correct the person who is questioning the people who are appearing before the committee. He has always, in every instance that I have witnessed, told them that a question has already been asked, and they have not proceeded with the question.

Mr. HORNER (*Acadia*): By not allowing—

Mr. STAFFORD: Mr. Chairman, if you fellows want to fight, why not go outside and do it? Why not get on with the questioning, and get this over with?

Mr. HORNER (*Acadia*): Well, I just want to make my point.

Mr. STAFFORD: I think you have said it three times already; we understand what you mean. Why not ask your question? You could have had it over with by now.

The CHAIRMAN: Order, please.



Mr. HORNER (*Acadia*): Well, fine, I hope that I am boring you to death. You are on the opposite side, and—

Mr. STAFFORD: You sure are.

Mr. HORNER (*Acadia*): It does not bother me one bit. I want to make this point, Mr. Chairman. By not allowing supplementary questions in committee this particular year, there is a great deal of repetition. I have sat on two committees all day, railways and this one. Maybe I have not been at both of them all the time, but I have tried to be at each committee a fair amount of time; it is rather difficult when they sit at the same time. I shall carry on with my last question with regard to delivery quotas on the CPR lines. In exercising your influence over the CPR, apparently you found them co-operative in all regards, and they did try to meet your wishes. However, did they prefer any specific area in western Canada, and in Alberta particularly.

Mr. McNAMARA: No, and if I may be a little repetitious too, Mr. Chairman—

The CHAIRMAN: I do not see how you can be anything else in view of the questions.

Mr. McNAMARA: I think this is very important because a lot of the trouble that developed with regard to the CPR was policies of the Wheat Board. We asked them to concentrate on the short haul; we asked them to concentrate on the tough and damp grain, with the result that quota disparity did exist in western Saskatchewan and in Alberta.

The other factor, Mr. Horner, is that although the crop is normally about 55 per cent CPR and 45 per cent CNR, this year it is about 60-40, so there is a heavier load of grain to move on the CPR than normal. We did have trouble and difficulties, and they were subject to a lot of criticism. I thought they were a little slow in getting into operation, but they are now in operation. Both railroads have now moved 12,000 more cars of grain out of country elevators than were moved in the record year of 1963-64. They have moved 25 per cent more grain out of country elevators than they moved last year at this time. There is every indication that if it had not been for this important strike they would have met their full commitment; in fact, both lines would have moved more grain out of western Canada than ever had been moved in the history of the past. So I must report that we have had excellent co-operation. A great deal of this trouble, I know, which was raised in the House—and I can understand it being raised—was due to policies instituted by the Board; it was really not a fair criticism of the railways.

Mr. HORNER (*Acadia*): Actually, it was the Wheat Board's instruction that they move the short haul grain first.

Mr. McNAMARA: That is right, sir.

Mr. HORNER (*Acadia*): Particularly the northern part of my constituency suffered because of this, and we had a great deal of difficulty.

Mr. McNAMARA: That is right, yes.

Mr. HORNER (*Acadia*): The CPR has been before the railway committee with us today and Mr. Sinclair, of course, informed me, just as you did, that

they are away ahead of their quota at the present time, and they will move more wheat than ever before, and he was quite proud of that fact.

Mr. McNAMARA: I hope he lives up to it; I think he will.

Mr. HORNER (*Acadia*): He seems sure about it.

The CHAIRMAN: Did you have a question, Mr. McLelland?

Mr. McLELLAND: I have one more question, Mr. Chairman. I was wondering, Mr. McNamara, if the Wheat Board has considered changing the quota on specified acres. I am thinking primarily of the fact that today seeded grassland is taken in its ordinary cultivated acreage; although you grow grass seeds or special forage crops, you are allowed to deliver grain on it. If they have no relationship with mustard, I am wondering why the Board is reluctant to classify that acreage the same as forage crops or seeded grass seed?

Mr. McNAMARA: In determining a specified acreage, we were very conscious of the fact, particularly in the years of surplus, that we should do what we could to improve better farming methods, and not deny the producers of delivery privileges because they were summer-fallowing or they were putting their crops into forage crop seeds.

But then when you get into the field of other cash crops; for instance, people suggest that we should have peas, that we should have sugar beets, and other cash crops, this brings in a lot of inequities. The policy we are following is under continuous study and review. It is found that if we brought in mustard—and on the Portage plains a lot of people who are now growing peas think their peas should be in; that the sugar beets should be in—it would be pretty hard to draw the line if you get away from the regular cereals. Rape is in because rape was declared a cereal. I think Mr. Rapp had something to do with this a number of years ago. I think in some way you have to draw the line on this.

Mr. McLELLAND: Rape and flaxseed are actually the only specified crops at the present time, are they not?

Mr. McNAMARA: That is right.

Mr. McLELLAND: I do not suppose the Wheat Board will change their attitude in this respect. These crops are no different, actually, as far as the Wheat Board is concerned, than ordinary forage crops; they never see them anyway.

Mr. McNAMARA: Well, of course, mustard seed is really grown for a cash crop, and not as a soil improvement crop. If it were declared a grain, of course, then it would be taken into consideration, but so far it has not been changed in our act to be a grain.

Mr. CLERMONT: Mr. Chairman, on what basis are the initial payments made?

Mr. McNAMARA: The basic initial prices on the top grades of wheat No. 1 Northern, oats and barley are determined by the governor in council. This is really a floor price, because once the government decides what is going to be paid it is paid out. If we cannot sell the grain then it becomes the loss to the

treasury. The spreads between grades other than No. 1 Northern are determined by the Board with the approval of the governor in council.

Mr. CLERMONT: On your recommendation?

Mr. McNAMARA: On my recommendation, yes.

The CHAIRMAN: Are there any further questions on quotas? Now, it has been suggested by Mr. Muir that we deviate from this 1964-65 annual report and go to the supplementary report. Is there any line of thought on this?

Mr. JORGENSEN: I am perfectly in agreement to let this happen, providing we do not cover the same ground again that we have covered three times. There are areas on which I know a number of members would like to question the commissioner, and I have a few questions myself, but we will never reach them if we are going to pursue them the way we have.

The CHAIRMAN: I would think, as Chairman, it is not necessary to read all these, but we should proceed with the reports that we are on. We never told the committee that we would finish this today. We said we were going to have the Wheat Board before the committee later on this year, probably this fall, and there would be a lot of new questions that members would probably want to ask at that time. I think that Mr. McNamara is in agreement with this.

Mr. McNAMARA: We are at your service, sir.

The CHAIRMAN: I would suggest that we just proceed and see how far we can get.

Mr. KORCHINSKI: It is not the intention to have it completed then?

The CHAIRMAN: Not now, not unless something different happens.

Mr. CLERMONT: I hope they will have a chance tonight, anyhow to think about the feed grains for the east.

The CHAIRMAN: I think several hon. members have intimated that they want to speak on feed grains now. I hope we can proceed in an orderly fashion, and go from page to page here, and if any specific questions on any item come up, I would ask the members to direct their questions to the commissioner. We are on page 19 right now, as far as I am concerned, and the handling agreement is the next item.

Mr. HORNER (*Acadia*): When would you suggest that the feed grain situation should be taken up?

Mr. McNAMARA: It will come under pages 22 and 23 when we get into oats and barley.

Mr. HORNER (*Acadia*): I thought you were going to drop that report and go to the other one.

The CHAIRMAN: No. I think as far as the committee is concerned, we will proceed right on with this report and get as far as we can with it tonight. Are there any discussions on the handling of grains?

Mr. JORGENSEN: Applications for an increase in the tariff are not heard before your Board, are they, Mr. McNamara? They go before the Board of Grain Commissioners?



Mr. McNAMARA: Yes, applications for an increase in the maximum tariff are under the jurisdiction of the Board of Grain Commissioners. We negotiate a separate agreement with the elevator companies covering the handling of board grains in the elevators and the rate of storage that we pay to them, which does not have to be at the maximum as provided. For a considerable number of years, we have been able to negotiate the same rate with no increase in the last few years.

The CHAIRMAN: If there are no further questions on this item, the next subject is allocation of shipping orders. Are there any questions concerning this?

We will move on to Item No. 11 which is headed Western Grain Movement.

Then we come to Item No. 12, Eastern Movement of Export Wheat. There do not appear to be any questions concerning this item.

We will move on to Part 4, 1964-65 Pool Accounts, Payment Policy, Grade Pattern. Item No. 14, 1964-65 Pool Account—Oats.

Mr. JORGENSEN: I think we will arrive at the appropriate occasion where we can discuss this question in which Mr. Clermont was interested, namely the matter of feed grains.

The CHAIRMAN: Mr. Jorgenson, Mr. McNamara has a statement on feed grains. I think we should have this before we proceed any further.

Mr. McNAMARA: Well, gentlemen, we anticipated that we would be asked for our views with regard to the marketing of feed grains in the domestic market. With that in mind, we prepared a statement which I hope is clear and clarifies the position of the Board with regard to this position.

On many occasions, the Canadian Wheat Board has stated that we regard the eastern Canadian and British Columbia domestic market as our most important outlet, and most valued customer for feeding wheat, oats and barley produced in western Canada. We have therefore watched with interest the various proposals which have been made, and which might result in a changed method of buying.

In carrying out our responsibilities to marketing feed wheat, oats and barley, and particularly in servicing the eastern Canadian market, we have always considered that our responsibility is to have ample supplies of these grains in position at Fort William and Port Arthur. In recent years, with the exception of 1961-62 when we had a short crop, we have always succeeded in maintaining adequate supplies at the Lakehead. Regardless of what method of buying is utilized in eastern Canada, it would be our intention to continue this policy of maintaining adequate stocks at the Lakehead.

It has also been our policy over the years not to move unsold stocks of wheat, oats and barley into any forward position. This policy, which is applied equally to the export movement as well as the domestic, has been followed by the Board pursuant to our marketing responsibilities on behalf of western producers. We have therefore not been prepared to move unsold stocks of feeding wheat, oats or barley into positions east of the Lakehead, except under very unusual circumstances. This, also, will continue to be our policy.

Having stated these two basic policies, I want to say that throughout the world, in our export sales, we have always done our utmost to co-operate with our buyers and to make our sale methods conform to the buying methods selected by the individual customers. We would follow the same principle in our domestic sales.

Consistent with the principles which I have outlined, we are willing and ready to conform to the wishes of our eastern Canadian and British Columbian buyers in making sales in a way which will conform to the buying method of their choice. We would, however, continue our policy of having the same price for both domestic and export markets.

I think, gentlemen, that, in general, outlines the policies we have been following, and the policies that we would propose to continue to follow, depending on the decision of how they decide they want oats and barley marketed in British Columbia and in eastern Canada.

Mr. MUIR (*Lisgar*): I would like to comment on that, Mr. Chairman.

The CHAIRMAN: Well, several people have intimated already that they want to speak. Mr. Clermont is first.

Mr. CLERMONT: Mr. Chairman, it is the responsibility of the Board to handle sales and prices of wheat, barley and oats produced in the west. You said that you would not go further than to deliver wheat, oats and barley to either Port Arthur or Fort William.

Mr. McNAMARA: Let me just enlarge on this slightly, sir. Under our act it is our responsibility to market wheat, oats and barley delivered into commercial channels by the producers to the Board, to the best possible advantage in the interests of the western producers. In other words, our job is to sell the grain, the merchandise, at the best possible price in their interests.

Now, in merchandising wheat, we have found from experience that if we are selling to Holland, and they want to buy in a particular way, it is in our interest to co-operate with the buyer. When we sell to Japan, they have a food agency; they will only deal through the food agency, and we will only sell through the food agency. The South Africans have a wheat board which controls all the imports, and we deal solely with the South African Wheat Board.

As a matter of marketing policy, we have discovered, through bitter experience in the past, that it does not pay to put a seller's grain in the consumer area until it has been previously bought by somebody, because it becomes a sitting target, and you just cut your throat on it.

But what I try to say in this document is that in marketing for the domestic marketing in eastern Canada, we feel that we have a responsibility to the eastern consumer to have at the Lakehead, in a position for them to buy in any way that they so choose, ample stocks of grains. In other words, we see that the movement of oats and barley into position is a fair share of the movement as compared to wheat for export.

It has been suggested to us that we should move and carry unsold stock in position in Montreal. First of all, we think this would be detrimental to our marketing efforts, and we think it would completely disrupt the normal trade

None of the trade would take a chance of financing and putting stocks into position if the Canadian Wheat Board had large stocks of unsold stock that we could pull the plug out of every time and demoralize the market.

What I have been trying to say in this statement is that this is our major market. The United Kingdom is our number one market for wheat. We will not put unsold wheat in England. We will sell it the way the buyer wants to buy it. Regardless of what parliament decides with regard to the marketing board, or how they want to handle it in eastern Canada, we will co-operate, we will keep ample supplies at the Lakehead. We will make that grain available to the eastern consumer at exactly the same price that we can receive from the foreign buyers, no more, no less, but we do not think it would be good business for us to put it down and retain title to it.

Now, a policy was adopted a few years ago that we would continue under any circumstances, and I think it has been proven quite beneficial to the eastern consumer. You may remember the gentlemen a few years ago instituted a policy of paying storage on grain that was moved early to encourage the eastern consumer to move larger stocks into position. Coupled with that policy, we came out with what we call a deferred price policy, somewhat similar to what we have in wheat, whereby a representative of the trade could buy the grain from us, pay us the provisional price, but we leave it to his discretion to fix the actual market price at any date he chooses, as long as it is still in commercial storage at the time the price is fixed.

Speaking for the Board, and I am sure my colleagues will agree, that although there has been a lot of discussion, we have had very, very few complaints regarding the stock position that has been maintained at the Lakehead, and the manner in which we have been able to service this very important market.

Mr. CLERMONT: Mr. McNamara no doubt you have heard a lot of complaints about the fluctuation of prices during some period of the season. We heard about those complaints during February and March. You say that it is your responsibility to represent the western farmers. I have noticed that because on a few occasions you have used the term "we westerners". This is the report of the Canadian Wheat Board.

Mr. McNAMARA: That is right.

Mr. CLERMONT: I have noticed in a few instances that in your language, speaking of yourself, you have said "we westerners."

Mr. McNAMARA: I am a westerner, and my responsibility is to market the grain grown by the western Canadian farmers to their best interests.

Mr. CLERMONT: I agree with that, and I have no criticism with respect to it. However, I see that according to the act of 1935, that if there is a shortage in the initial payment, the government has to pay for it.

Mr. MADILL: Mr. Chairman, I think we have possibly missed the point here, and I think that Mr. McNamara should clarify this. If I were in my home town, or if I deliver barley or oats into a local elevator, and my neighbour wants to go and buy that grain, he has to pay the Canadian Wheat Board price.



Mr. McNAMARA: That is right.

Mr. MADILL: If my next door neighbour is buying grain out of my local elevator, he is in exactly the same position as a man in Vancouver or any place else in Canada; we have no preference.

Mr. CLERMONT: But if your neighbour buys his wheat or oats from you, is he paying the Wheat Board price?

Mr. WATSON (*Assiniboia*): That is a deal between you and I; if you want to sit down and buy some grains, wheat, or oats, we can make a deal.

The CHAIRMAN: Order, Mr. Watson. The questioning is between Mr. Clermont and Mr. McNamara. I would appreciate it if you would let Mr. McNamara answer the question. If you have any questions to bring up I am sure that we will hear them; you are on the list here. I would like the committee to be conducted in proper fashion, namely the procedure at this time should be between the witness and the member who is asking the questions.

Mr. CLERMONT: Mr. Chairman, all through the day when western members asked questions of Mr. McNamara or his colleagues, we listened very carefully because we knew they were representing western Canada, and they had the interests of their electors at heart. I think it is only fair for an eastern representative to try to find out what is wrong when we hear complaints from our eastern farmers that during certain periods of the year they have to pay \$0.75 and \$1 more. Mr. McNamara explained that the policy of the Board is not to go further than Fort William and Port Arthur, then it is up to the easterner to get his supply from there.

Mr. McNAMARA: I think this is very important. We should appreciate what our act says, what parliament has told us. Our job is to merchandise the western grains to the best possible advantage of the western producer. In doing that we must be very careful that we do not discriminate against our most important customer of coarse grains which is the eastern market, so that we have only one price. As Mr. Watson says, if they buy grains in Assiniboia out of the country elevator, they pay the same price that they charge you less freight from Fort William.

I would like to clarify this because I think it is very important to you. We have a policy that if the Co-op Federee wants to buy grain at any time at Fort William and take it down, they can buy it, they can price it at today's price, they can move it into eastern Canada without pricing it. As long as they keep it in light commercial storage, they have the opportunity, under our policy, of selecting the day that they want to fix the price, that they think is the most advantageous to them. Of course, we do not let it go to hogs before they price it—as long as it is in a commercial position.

Mr. CLERMONT: Mr. McNamara, I do not want to give you the impression that the eastern farmers are against the Canadian Wheat Board.

Mr. McNAMARA: I know that.

Mr. CLERMONT: But I do know that the eastern farmers are not pleased to pay more money at certain times of the year. They claim that the difference between what the miners are paying to the Canadian Wheat Board in Fort

William and Port Arthur and in Montreal is too high. In one case, I think in 1964, the miners had to pay \$0.24 or \$0.25 more, but the farmers paid \$0.75 or \$1 more. They want to find out the reason for this. I do not know much about oats and so on, but it seems that the feeding grain agency should be remedied, so that the eastern farmers may pay a settled price between what they have to pay to the Wheat Board in Fort William or Port Arthur and Montreal, Quebec, Sorel, or anywhere in eastern Canada.

● (9.00 p.m.)

Mr. McNAMARA: I think you will find on investigation that when these prices go up it is because ample supplies were not moved into a certain area during the period of open navigation. Policies were originated a few years ago by the government whereby they encouraged the eastern buyer to move his grain by water, which is certainly the cheapest way, put it into commercial storage, get the benefit of the storage, and take advantage of their deferred pricing. I am not contradicting you, sir; I just want to give you the other side of the story.

Mr. CLERMONT: That is why I ask these questions.

Mr. McNAMARA: Generally, we have found in recent years that larger quantities of western grain are moved east than are actually consumed in the eastern market during the winter. Grain has been carried over, and some of it has had to be re-exported in the spring because more than sufficient supplies had been moved east to service the area.

Of course, competition is what we are up against in so far as corn is concerned. When many of the eastern consumers find that corn is cheaper—and I am not blaming them for this—they switch to corn and leave the western grain that has been moved down. We receive a lot of letters, we have our Montreal office watching the situation closely, but, generally speaking, in very rare exceptions have we found deficiency areas. It seems to me that a lot of the problem in eastern Canada is that with this rapeseed improved, and the very important feeding industry that is developing, that there are not adequate facilities, there is not the organization amongst the feeders themselves to handle the volume of grain.

We were up against this problem in the twenties in western Canada, and the producers themselves organized and set up a system of marketing that proved that together they could handle their problem. I have always felt that much more could be done by the eastern consumer to protect his own interests. Many of the problems that are developing—and I am not minimizing them—in eastern Canada are due to the fact that the eastern consumer himself has not organized and built or arranged facilities sufficient to carry adequate stocks in position. It can only be exploited by a trader when he has a corner on the market.

Mr. CLERMONT: How does your Board look at the eastern feed grain agency?

Mr. McNAMARA: I have tried to say that if the eastern consumers find that they want an eastern agency, we will co-operate; we will be sure that we have adequate supplies at Fort William at all times. If they can buy, we will sell

them to the individual or to the agency, whatever you get. The government decides on the same price as we will sell to anybody else. We will not discriminate; we will not give them any discount.

Mr. JORGENSEN: Mr. McNamara, you mentioned that you regarded the eastern feed market as a very important one, and I quite agree with you. However, in the light of recent developments, I wonder if that market is going to continue to be as important for western feed grains as it has been in the past. The increase in the price of wheat has made oats and barley on the prairies uncompetitive with wheat in so far as an income per acre is concerned. I notice that from 1951 to 1965 the wheat acreages have gone up from 24 million acres to almost 28 million acres. I think they are expected to be in excess of 28 million acres this year. On the other hand, the production of oats has been reduced from a little over 8 million acres to a little better than 5½ million acres. Barley in acreage has been reduced from 7½ to 5½ million acres.

At the same time, from 1951 to 1965, the three prairie provinces increased beef cattle numbers by almost 3½ million head. The total increase during that same period in Canada was 4.3 million head, which means that the prairie provinces were responsible for about 79 per cent of the total increase in beef.

Now, it would seem to me that combined with the increase in cattle numbers in western Canada, as well as the decrease in acreage, the production of coarse grains on the prairies is, pretty largely, going to remain on the prairies. In addition to this, another feature in eastern Canada has been the increase in corn production, which is interchangeable with western feed grains on the eastern market.

In view of all this, and by virtue of a section of the Wheat Board Act which gives you the authority—and I do not know how that authority fell on the shoulders of the Canadian Wheat Board; this has always been a puzzle to me—to issue licences for the import of feed grains into eastern Canada from the United States or any other country for that matter, I was wondering what your views were with regard to whether the authority for the granting of licences to import feed grains into eastern Canada should continue to be vested in the Canadian Wheat Board. It seems to me that you are being asked to do something that the Canadian Wheat Board should not be asked to do. This is a matter of trade, it is a matter of imports into this country, and should rightfully fall on the shoulders of the government. I wonder if you would agree that very soon we should be thinking about transferring this authority from the shoulders of the Canadian Wheat Board to the trade department of the government where it rightfully belongs.

Mr. McNAMARA: You have asked me to agree to quite a number of things. In general I agree with your first premise regarding the increased demands for feed grains in western Canada, and the desirability, in view of a good movement of wheat in recent years to increase the wheat acreage at the expense of oats and barley. However, long range projects which we have made would indicate that in the not too distant future we may not be self-sufficient in feed grains ourselves, notwithstanding the increased production of corn in Ontario.

Our export market for coarse grain is quite erratic. We find that the American competition on feed grains is very intense, primarily due to hybrid



corn and the volume of feed grains that they are selling. They fight for their share of the dollar market on wheat, but they control the dollar market on feed grains, and it is becoming more and more difficult for us to compete in export markets for coarse grains. I do not know what the future is going to be, but I would be concerned if a country like Canada is not in a position to produce, in all of Canada, including Quebec and Ontario and our corn production, enough feed grains to satisfy our own demand, and we had to rely on the United States, or one of our neighbouring countries, to import increased volumes of feed grains.

Dealing with this question of import control, originally in our act it was necessary for us to have import control within the designated area. That is, when we were making a guaranteed price in taking delivery, we had to protect Canada from having American oats and barley coming in and getting into our pools, and taking advantage of the prices which were prevailing at that time. I would agree that the responsibility for export control should be taken from the Wheat Board, particularly in view of these domestic markets and the way they are developing. But I respectfully suggest that with the Kennedy Round negotiations being under way now, the government would be well advised to find out what the American policy is going to be with regard to the importation of Canadian oats, barley and wheat. We are now frozen out of that wheat market because of a change in their domestic policy whereby Canadian wheat has to have a certificate for domestic consumption at \$0.75 a bushel, and a right which we had under our treaty that was originated in 1939 has now been removed from us. We are losing on exports a potential of 800,000 bushels of wheat a year that we used to enjoy.

So I just suggest, Mr. Jorgenson, that while I would agree that it would be better for the control of imports, particularly of feed grains, to be removed from the Wheat Board and designated to another agency of government, that the approach should be in line with the negotiations that are going on in Geneva. There may be some bargaining power which Canada may want to exercise in those negotiations, rather than remove all these restrictions without getting something back. I never like to give away anything unless I get some of those things back on it.

Mr. JORGENSEN: We should have more negotiators like you.

The CHAIRMAN: Mr. Jorgenson, have you finished?

Mr. JORGENSEN: Yes, I am.

The CHAIRMAN: Mr. Horner is next.

Mr. HORNER (*Acadia*): I would just like to touch for a minute on the question of pricing of oats and barley, and particularly oats. How is the price of oats arrived at?

Mr. McNAMARA: To some extent it is controlled by us. As you know, the futures market operates oats and barley, but as we are the predominant seller of the cash grain, we have quite a bearing on the fluctuation of that market. I think the value of a futures market in merchandising coarse grains can be summarized, but practically all our wheat goes for export. Our major markets are the Canadian domestic markets. Under the system which has been employed

in Canada in the past, with the trade and the eastern buyers assuming the responsibility of taking the grains from the Lakehead for their winter requirements, and having to procure their supplies many months prior to the actual consumption of the grain, they have enjoyed the opportunity of being able to hedge against the market fluctuation in the futures market.

The trades tell us, and I believe them, that this, on many occasions, has been very advantageous because it has allowed them to take quite a position and to move considerable stocks into position, and yet hedge them. They cannot hedge against a cash premium, but they can hedge against a major fluctuation in price. If they did not have the opportunity of some kind of a hedge against these feed grains that they have to move into position because we are frozen up in the winter, it might be that there would not be sufficient supplies moved prior to the close of navigation to satisfy the eastern demand.

This is a very debatable point. The value of the futures market in oats and barley has been discussed over the years, but certainly this is the justification for it. It does facilitate the movement of grains into eastern positions where the buyer has a chance of hedging, if he so desires.

Mr. HORNER (*Acadia*): In other words, Mr. McNamara, and I accept wholeheartedly your analogy of the hedging feasibility with the grain exchange, or with the marketing and pricing it over the grain exchange, but the price fluctuation about which we hear so much here in eastern Canada is really brought about by the old law of supply and demand, and the feasibility of delivery, to quite an extent. I mean, you use this in your judgment in pricing the market, do you not?

Mr. McNAMARA: I do.

Mr. HORNER (*Acadia*): Always bearing in mind that you are working for the producers; you are the producers' board, and you are marketing their goods. Right?

Mr. McNAMARA: That is right.

Mr. HORNER (*Acadia*): Then, in other words, in the following year when the quantity is, shall I say, relatively large and the supply is relatively handy, the price is perhaps at its lowest?

Mr. McNAMARA: It could be, but not always.

Mr. HORNER (*Acadia*): Not always, but perhaps?

Mr. McNAMARA: That is right.

Mr. HORNER (*Acadia*): During the winter months when transportation through the waterways is frozen up, to use your term, the supply is perhaps still there, but the delivery part of it is not nearly as handy so the price moves upwards. Am I right?

Mr. McNAMARA: To some extent, yes, particularly in areas where they have not taken down sufficient supplies by the water road, and they have to use the rails which costs an extra \$0.20 a bushel.

Mr. HORNER (*Acadia*): And this increase in price is mainly derived because of this rail transportation?

Mr. McNAMARA: On account of the fact that in certain areas adequate supplies were not put into position by water, a shortage was developed, and then they started to supplement their supplies by an all rail movement which is very expensive. I understand that some progress has been made—this is not within my scope of authority—with regard to getting special rates from the railways now that will, to a great extent, offset this extra cost of rail movement.

Mr. HORNER (*Acadia*): Special rates?

Mr. McNamara: Arrangements are being worked out whereby in certain areas a rate, which will be more competitive with the water rates, will be granted that will allow supplies in eastern positions to be supplemented by an all rail movement when shortages develop. I think this will go a long way to correct some of the difficulties which have existed in the past.

Mr. HORNER (*Acadia*): This is interesting; it suggests a non-competitive rate which is non-profitable also; just in dealing with passenger services which they claim is non-profitable.

However, what I want to establish before the committee is that the Wheat Board sets the price to the best advantage of the producer and whether or not the commodity is scarce in eastern Canada has no effect on your own judgment in allowing the price to increase. Am I right?

Mr. McNAMARA: I would not quite agree that we set the price because we are not the only factor in the futures market. I say having control of the cash grain we try to keep control of the market, but there are times when the speculative interests or various influences from eastern Canadian buyers depress the market, and then we pull out of it. But we are a major factor in the—

Mr. HORNER (*Acadia*): You are a major factor in the fact that you either price out the sale at such and such a price, or you do not. In this way you have quite a control over the price?

Mr. McNAMARA: Yes, we do.

Mr. HORNER (*Acadia*): And at all times you set the price at whatever you feel the market will bear, and the quantity will move?

Mr. McNAMARA: We are conscious that a major portion of our oats and barley go into the eastern market, but we also export a considerable quantity. We have had a good export movement of oats and barley; our prices therefore, must be kept in line with the price at which competing feed grains are being sold for export. For example, just let me quote you a figure on these exports. To date during the crop year, we have exported 13 million bushels of oats, 26 million bushels of barley, 6 millions bushels of rye, 15 million bushels of flaxseed and 11.4 million bushels of rapeseed. Therefore, our price levels and the level at which we go into the futures market are also determined by the price at which we are being able to sell a similar commodity to overseas buyers.

For example, we sold cargoes of barley today to Israel, and we are selling it to eastern Canada at the same price as we would sell to Israel today. Our price must be a price that is competitive in the international market, or else Israel would not favour Canada with that business.



Mr. HORNER (*Acadia*): In other words, an eastern feed grain board would not be able to depress the prices of oats or barley?

Mr. McNAMARA: No, I do not think so.

Mr. HORNER (*Acadia*): They would always bear a reasonably close relationship to what you could receive on the export market?

Mr. McNAMARA: I would consider that it is our duty to the people we represent that if we could sell barley to Israel at today's price, we would not be justified in selling it to an eastern feed board at a cent a bushel below or above that price.

Mr. HORNER (*Acadia*): What if you had a surplus quantity, and Israel would not take all your barley or oats, whatever the case may be?

Mr. McNAMARA: Our prices would be lowered because we cannot afford to carry surplus quantities; we eat it up in storage.

Mr. CLERMONT: Mr. McNamara, can a farmer buy directly from the Wheat Board, or does he have to go through a trader?

Mr. McNAMARA: In theory he can buy directly from the Wheat Board, but that would not be a fair answer. For instance, if you came to me and wanted to buy a car of oats, I would sell you a car of oats in store in Fort William. Then you have to get that car of oats out of Fort William, you have to pay the forwarding charges, you have to arrange for it to be shipped, you have to have the documentation, and you have to arrange for the rail transportation. So that for the cost of using the broker, it is very much more advantageous for you to buy through the trade.

I just want to correct Mr. Watson. I thought you said you would sell him a car of your oats. You will not sell him any of your oats; your oats are going to be delivered to me and I will sell them.

Mr. WATSON (*Assiniboia*): By the same token, Mr. Chairman, what Mr. McNamara said is quite true. I was talking in the terms that if he was a neighbour of mine in Saskatchewan and he wanted to buy some of my oats, I would certainly make a deal with him. However, I realize that I could not sell to somebody in Manitoba or Ontario.

Mr. McNAMARA: This is quite true.

Mr. WATSON (*Assiniboia*): Mr. McNamara, the question that I wanted to pose was pertaining to barley. I do not know, Mr. Chairman, whether this is the proper time to put the question, but I am referring to a period last fall when they opened up the quota on barley. I did not do any buying so I am not too sure of this. However, as a result of this, I believe it took a lot of barley out of western Canada and put it into the elevators. As a consequence, it left a good many feeders in the position where they were not able to secure barley when they wanted to. I was wondering what transpired in this connection. Was this barley all shipped out of the country or what was the reason behind the opening up of the quota as it was last fall?

Mr. McNAMARA: We went into the crop year with relatively low stocks of commercial barley and, very unexpectedly, an overseas demand for barley for

immediate shipment developed. We thought we should take advantage of that market, and in order to get the barley into a position to meet our commitments, we had an open quota for a short period in Manitoba and Saskatchewan. Now, the Alberta people did not get the benefit of this because the demand was for a St. Lawrence shipment, and we were trying to use all our equipment for Vancouver to meet wheat commitments.

It was just a case of whether we should pass up an opportunity to sell a sizeable quantity of barley overseas by trying to get it off the farms and get it into position. You might remember that harvesting was late; some of the barley had been threshed early, and we were in a position to take delivery of it, get it to Fort William and get it out of the country before the heavy wheat movement started.

At that time we were not successful in taking and selling all the barley which was delivered, but the farmers certainly responded to that open quota very rapidly. It assured us of having ample stocks of barley in Lakehead position last year, so that at no time was there any question of the eastern consumer not having supplies of barley at Fort William which he could procure at any time. I consider this good business. It caused some discrepancy between producers, but I considered as a merchandiser, that is was good business to take advantage of that market when it developed.

Mr. WATSON (*Assiniboia*): That is quite true, Mr. McNamara, and I think possibly if I had been your position I would have done exactly the same. Is there a possibility that there was an overestimation by the elevator agent as to the amount of barley that was available in the west, and would be left in the west? My feeling is that as a result of this it left a vacuum out there, and there is not nearly as much barley sitting on the farms as possibly the Wheat Board thought. I am thinking in terms that I have two feed mills in my area who have had trouble securing barley through the winter, either from the farmers or not being able to get it out of the elevators. In the particular case to which I am referring, the elevator estimated that there was far more grain on the farms to be delivered than there actually was.

Mr. McNAMARA: Well, based on the production of barley, there seemed to be ample supplies. In the case of these feed mills who encountered difficulties, it may be that they were trying to buy the barley at a price lower than the producers thought that they would realize by selling it through the Canadian Wheat Board.

Let me quote you some figures on barley. To date we have had 69 million bushels of barley delivered; last year there was a total of 75 million bushels of barley delivered to the Board. But the elevator agents, as at May 27, the last questionnaire, indicated that there were still 36 million bushels of barley on the farms which the farmers wanted to deliver to us. This is broken down into 3.6 million bushels in Manitoba, 16.8 million bushels in Saskatchewan, and 16.2 million bushels in Alberta.

I think these figures now are overestimated, but certainly the statistics we have received from the elevator agents indicate that there will be a quantity of fairly heavy farm carryover of barley at the end of the crop year. I think Mr. Jorgenson has pointed it out right, that it is hard for agents to estimate

the amount of farm feeding that is going on; it is increasing. But certainly the most recent figures we have received from the elevator agents, indicating what farmers wish to deliver before the end of July, would indicate that there is still 36 million bushels of barley—over half of what has been delivered already—that they still want to deliver in the next six weeks of the crop year. Therefore, I cannot buy the general position that there is a shortage of feed barley in western Canada.

Mr. WATSON (*Assiniboia*): This figure of 36 million would be in Manitoba, Saskatchewan, and Alberta?

Mr. McNAMARA: It is broken down; I can give your the breakdown; 3.6 million in Manitoba, 16.8 million in Saskatchewan, and 16.2 million in Alberta.

Mr. WATSON (*Assiniboia*): Well, again, I cannot argue with your figures. If there is that much, there is still lots there.

Mr. McNAMARA: I can only go by what they tell me; I hope my figures are right.

Mr. WATSON (*Assiniboia*): Well, all I can go on is by what these various people are telling me, they are trying to buy it, but the question is where is the barley. I was trying to get the answer, and I thank you, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. Watson. Mr. Muir is next on the list.

Mr. MUIR (*Lisgar*): Most of my questions have been answered. The one I was mostly interested in was the policy on oats and barley. I note you mentioned that you have something up to 14 million bushels already sold on export, and I expect that this would have to be at competitive prices; you have to be competitive with other exporting countries of the world.

The comment which I wanted to make was that I am very glad, Mr. McNamara, that you fully realize the reason why the Wheat Board was set up in the first place.

The CHAIRMAN: Thank you, Mr. Muir.

Mr. FORBES: Mr. Chairman, my question is related to what Mr. Watson asked regarding what a feeder in western Canada would have to pay, and the Board's policy on pricing. So I pass.

The CHAIRMAN: Mr. Watson, please speak into the microphone.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. McNamara, in your view, are there adequate elevator facilities in the Montreal area for export grain? That is the first part of my question. The second part is, are there adequate facilities for the feed grains which are used in eastern Canada?

Mr. McNAMARA: I must qualify that question in two ways. I would say that until recently there were adequate facilities for export grains, but recent developments with the increased demand for domestic stocks are utilizing elevators, which were built originally for export grains, for storage of feed grains. We are finding that in some areas, particularly in Montreal and to some



degree in Quebec and Prescott, we have to pull out of these elevators because the total facilities are required for the storage of feed grains.

Now, as you probably know, there are new developments in connection with the construction of elevators in the St. Lawrence. Two of the major companies have already decided to build additional facilities for export, one at Port Cartier, another one at Seven Islands, and the third one is not definite yet.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): What is the increased movement of western grain for export via Vancouver?

Mr. McNAMARA: I would say we have ample space in the St. Lawrence as compared to what we have in Vancouver to meet our export objectives. However, as a westerner, I hope you will permit me to make a statement. I think a policy of trying to service the eastern domestic market out of export elevators that were not adapted for loading by trucks was wrong. When the eastern feeding industry becomes as efficient as I am sure they will be eventually, a different type of warehouse, or storage facilities, to service these markets will be necessary.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I am going to ask you another question which concerns my constituency particularly. I represent the area which contains the Côte Ste. Catherine locks, and there is a 4,000 foot pier just above the Côte Ste. Catherine locks. This pier is presently not used. Now, in the light of your experience, could you give me any indication as to whether an elevator at this site would be feasible from the point of view of the use of the eastern feed grain people?

● (9.30 p.m.)

Mr. McNAMARA: I am afraid I have not enough knowledge. I would like to ask my colleague, Mr. Rowan, who is conversant with this area, to express an opinion on that.

Mr. F. ROWAN (*Sales Manager, the Canadian Wheat Board*): A great deal of the feed grains in the Montreal area are just across to the south shore, but I believe in an area further east, which starts from Sorel east to past Levis, there is more. However, there are very little feed grains to service in the area where you are located.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): But, as you are probably aware, Mr. Rowan, there is now a six-lane highway running along the south shore. With this new road facility, from your knowledge of this area would you say that it might be feasible?

Mr. ROWAN: It is feasible, but we have had no experience, actually, in merchandising the grain in eastern Canada. To find an answer to this, the best way would be to interview or speak to the various people in Montreal who merchandise this grain, such as members of the Montreal Corn Exchange.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): In your opinion, regardless of where these facilities would be established, there is a need for additional feed grain facilities, elevator facilities, in the Montreal region?

Mr. ROWAN: That is correct, sir.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Thank you.

The CHAIRMAN: Mr. McLelland is next.

Mr. McLELLAND: Mr. Chairman, my question was asked by Mr. Watson with respect to the open quota on barley. I would just like to ask Mr. McNamara if he can give us a hint, possibly, as to whether the sales will show up in the final payment of barley. I believe last year the final payment was roughly \$0.29 a bushel. With this open quota, can we look forward to a little higher final payment at the close of this crop year, since you committed those sales?

Mr. McNAMARA: Well, you must remember that in the actual operation of our pools, the pool does not close at the end of the crop year. It is closed when there is sufficient stock sold to make the transfer, and the transfer, of course usually means it is January 31.

These sales to which I am referring will reflect in your last final payment. The final payment which will result from the grain delivered into this pool will be determined by what the market does between now and when we close the pool, probably next January.

Mr. McLELLAND: The drought in eastern Canada actually did not receive too much of that open barley quota then?

Mr. McNAMARA: No. From my point of view the drought in eastern Canada was magnified, and we anticipated a much larger movement of feed grains into eastern Canada than actually took place. At one time we were given estimates by officials of the Department of Agriculture that they were going to require an extra 66 million bushels of western grain on account of the drought, but in actual practice and in sales experience, a very limited quantity over what is taken normally was absorbed in eastern Canada last year. No doubt, the corn accounted for some of it.

Mr. McLELLAND: Thank you.

Mr. KORCHINSKI: Mr. McNamara, my question relates to your replies indicating that feed grains have been placed in storage in the Montreal area. Does this interfere with the movement of grain because you may require a higher quality grain in that area? Do you find, at times, the fact that you have feed grains in that area interferes with the normal movement of grain?

Mr. McNAMARA: Yes, in a normal year it does. It did not affect us so much this year because of the very heavy commitments we had entered into for shipments prior to the close of navigation, but in a normal season, we like to have enough export wheat in position in the St. Lawrence area to take care of the early spring demand before the lakes open. It is quite normal to have navigation in the St. Lawrence open two weeks or three weeks ahead of the opening at the Lakehead, and to the extent that we have stocks available for ready delivery to our customers in the St. Lawrence, it is beneficial from a sales point of view. To the extent that we cannot utilize storage that we used to use for the storage of export wheat to have it in position for the opening, the fact that these bases must now be reserved for domestic feeding grains, which of course helps us because this is another market for us, it does curtail our activities in meeting the early spring demand.

Mr. KORCHINSKI: What do you do in that case? Do you have to wait until later for the ships to come in and pick up the grain?

Mr. McNAMARA: We always have some stocks in store. For example, at Baie Comeau, where there is no domestic business, we try to have ample stocks available; we have some stocks in Sorel and Three Rivers, but we have them in Montreal particularly where the domestic feed grain is concentrated. In Quebec and in Prescott, Mr. Rowan, we have not been able to utilize any of that storage, or what is storage for export wheat.

Therefore, we have to wait until we can move it in volume, until we get openings at the head of the lakes, and can get lake boats to get new supplies into position to take care of this spring demand.

Mr. KORCHINSKI: How much of a waiting period is involved there, two weeks or three weeks?

Mr. McNAMARA: It varies. This year we were quite fortunate. Last year the opening of navigation at Fort William was April 21; this year we had it open on April 4. This is the thing that has saved our bacon; because of the early opening of navigation we were able to move a large volume of stocks into eastern position prior to the oil movement, and prior to the American movement through the St. Lawrence ports. But it varies from year to year.

Mr. KORCHINSKI: So that, in effect, even though the transportation facilities could handle it, if it were delivered in Montreal and if you did have sufficient storage space there, you would be in a position to export more?

Mr. McNAMARA: That is right.

Mr. KORCHINSKI: From our local market.

(Translation)

Mr. CLERMONT: Mr. Chairman, Mr. McNamara has mentioned that prices are the same for export and for the domestic market and Mr. Horner, the honourable member for Acadia, indicated that a feed and grade agency for the East would make no difference as your prices are based on supply and demand. But during the month of March, during February, a manager of a cooperative told me that he had feed grain in Montreal, but that he preferred to get some from Fort William because it was cheaper, in view of the great demand during the winter months after the help given by the governments of Quebec and Ottawa to the farmers of 50 ridings in Quebec following the drought, and to 14 or 15 ridings in Eastern Ontario and that is why there has been an increase in prices, but I think that if we had had a feed grain board for the East of Canada, the Quebec farmers or the Eastern Ontario farmers would not have had to pay such as increased price between November and December and the prices which they pay either for February or March.

(English)

Mr. FORBES: Mr. Chairman, did Mr. Clermont indicate what price they did pay?

Mr. CLERMONT: I do not know the price, but I know the fluctuation in price was between \$0.75 and \$1 more than the prices they paid during November and December.

Mr. FORBES: Seventy-five cents to one dollar a bushel more?



The CHAIRMAN: A hundredweight.

Mr. CLERMONT: For 100 pounds.

The CHAIRMAN: This is on mixed feed, is it not, Mr. Clermont?

Mr. CLERMONT: Yes.

Mr. McNAMARA: If you will pardon me, sir, I do not have the privilege of knowing your language, so I hope you will allow me to answer in English.

I think the situation to which you referred could have been corrected if this particular co-operative had properly estimated his requirements for the market, had brought down sufficient supplies which were available by the water route, had the government paid the storage on them, and had not priced them until such time as he wanted to sell them, then he could have protected himself against that.

However, generally speaking, sir, and we work with statistics, there was a surplus of feed grains carried over in the province of Quebec at the end of the crop year. So it is a question of isolated points; it is distribution within the province.

Mr. CLERMONT: But, as I mentioned in French, Mr. McNamara, there was a heavier demand this winter than during the previous winter due to the fact that help was given, and a lot of farmers bought feed grains instead of hay because hay was so expensive.

Mr. McNAMARA: Yes. Well, I am not arguing, and I hope this is understood, about whether the eastern consumer wants to have a feeding board or not. This is a question, I think, that should be determined by the consumers themselves, and we will co-operate, whatever the decision may be.

I might point out, though, that if there had been a feed board, and they had bought the supplies that they required, say, in October, and then the international market price had dropped \$0.20 a bushel, they might have had difficulty in merchandising what they had purchased at the higher price in view of new supplies being available from the Lakehead at a lower price. It could work both ways.

Mr. CLERMONT: I know that it can work both ways. The same applies to your Board.

Mr. McNAMARA: That is right.

Mr. MUIR (*Lisgar*): I wonder if I may ask Mr. Clermont if he is talking about mixed grain, that is grain with additives.

The CHAIRMAN: He is talking about mixed feed.

Mr. MUIR (*Lisgar*): You cannot compare mixed feed with the price of grain because mixed feed does not last; it is expensive, too.

Mr. CLERMONT: Mr. Muir, I cannot make that comparison because I am not a farmer. I do not know whether or not you are a farmer, but if you are I do not have your experience. However, I do know there is a difference in prices between what you pay in November and in February, and that is what happened. It is not only this winter; it did happen in the past, too.

This is not criticism against the Board, but the body representing the Quebec farmers is urging for authority for a feed grain agency. Anyhow, in 1963 your party deposited a bill for such an agency.

● (9.40 p.m.)

Mr. MUIR (*Lisgar*): I am not against it, but I do not think you are going to be happy with it.

Mr. CLERMONT: Are you happy with your Wheat Board?

Mr. MUIR (*Lisgar*): Absolutely.

Mr. CLERMONT: Because you know that their work is to protect the western farmer?

Mr. MUIR (*Lisgar*): That is right.

Mr. CLERMONT: As I mentioned before, the eastern farmers are not against the Wheat Board.

The CHAIRMAN: Is there anything further?

Mr. HORNER (*Acadia*): With regards to an answer to a question, you made reference to the fact that at some time, in Montreal particularly, you do run into difficulty with the storage of eastern grain with regards to your export shipment. Would you suggest then, in the light of that, Mr. McNamara, that perhaps there should be more storage facilities built in Montreal or in the Montreal area by the marketing agencies of the feed grain?

Mr. McNAMARA: Yes. I would think that for anything like a normal export movement, there are enough export terminals to cope with the movement of export grain out of eastern Canada. However, as I said earlier, it has always been my opinion that the eastern consumer is trying to service a domestic market, a lot of which is not well located and constructed to service this particular type of business. As my friend pointed out, it is a mixed feed business. Very little whole grain is now being fed, and I think warehouses located in the feeding areas equipped to prepare feeds would be a much more suitable type of construction to be built to service this very important market than to try to utilize elevators that were constructed primarily for the movement of western export grains.

Mr. HORNER (*Acadia*): I agree with you, Mr. McNamara, and I would just like to ask one more question on this particular line before I go on. Those same elevators, if they were built, could also be declared licensed elevators, and storage could be paid on the grain that is stored in them during the winter, just the same as the government is doing on feed grains stored in eastern Canada for eastern feed.

Mr. McNAMARA: As long as they were licensed by the Board of Grain Commissioners and supervised, then we would allow the grain to be carried there.

Mr. HORNER (*Acadia*): The storage would be paid by the government. It could be done and it is quite feasible?

Mr. McNAMARA: I would think so. I would like to ask my colleague, Mr. Vogel, if he would like to comment on this. He has had a lot of practical

experience in servicing this eastern feed marketing; he might be able to add something which I have not been able to give to the committee.

Mr. G. N. VOGEL: (*Commissioner, the Canadian Wheat Board*): Gentlemen, I have been listening with great interest to the discussion, and perhaps I can add something. Mr. McNamara, in answering Mr. Horner, and Mr. Horner, in his own statement, has said that large export terminals are not the best vehicle for handling distribution of feed grain. Just a little over a year ago Mr. Riddel, who is now retired from the Board, Mr. Rowan and I were in Quebec city, and we met with the Quebec marketing board, and Mr. Mercier, the deputy minister of Agriculture, was present also, and we were asked there also for opinion and advice. Now, opinion and advice are very easy things to give, but we said very strongly at that time that it seemed to us that just as in western Canada, we have developed a gathering system of smaller elevators that eventually feed into a channel that go to big terminal elevators; that it seemed to us that what was required at your end was a similar system, but with the opposite end to break down the bulk from the large terminals and end up in a distribution system again, as Mr. McNamara has said, through smaller elevators or smaller warehouses.

This question of estimating the requirements of the eastern Canadian market is something which we have found very difficult. We have therefore tried to keep, as Mr. McNamara has said, ample supplies of oats and barley at the Lakehead at all times. Very frequently we find ourselves surprised at what will happen.

For example, some years we will approach the close of navigation on the Great Lakes; oats and barley will be under constant offer to eastern Canadian buyers, and there is lake freight to move them. They do not buy, indicating, to all intents and purposes, that they think they have enough supplies for the winter. And then two days after navigation closes we start getting messages from the east telling us they are short of grain, and that we are going to have to start moving all rail supplies down within the next few weeks. This is very hard to understand.

Sometimes these stories turn out to be true, sometimes they do not. In cases where they do turn out to be true, this is the kind of circumstance which then results in the type of price comparison and fluctuation which you have been giving. However, in my experience and in my opinion, most years 99 per cent of the feed grains for the eastern Canadian market are moved down the lakes in bulk reasonably before the close of navigation. It is the very small remaining marginal amount arising from someone who, perhaps, misjudged his requirements that then makes the headlines and reflects the major fluctuation.

The CHAIRMAN: Are there any questions that anyone else would like to ask?

Mr. HORNER (*Acadia*): I have some more questions. I thank you for your statement, sir. Eastern feed grain, in looking at the statistics, moves mostly into Quebec and the Maritimes. I wonder if the same situation would exist in the Maritimes if they had ample storage facilities without conflicting with the export storage facilities there for feed grain?



Mr. McNAMARA: Well, we have been embarrassed to some extent, Mr. Horner, by the fact that now with the St. Lawrence Seaway we can move export wheat into Halifax, which is an elevator equipped with unloading equipment, and we can save considerable money in putting that grain into position by the water route as compared to moving it by rail from the bay. The elevator facilities are limited; I think it is about 6 million bushels capacity. But more recently, on account of the demand in the maritimes provinces, certain portions of that elevator have been earmarked only for domestic grain. We now find that we are curtailed in the quantity we can move by water prior to the close of navigation after the allocation of 2 million bushels was given to us. We did get 36 million bushels out, so that we do have to rail and pay extra expenses on a considerable portion, but to the extent that we are deprived of the full use of that elevator, which was, of course, originally constructed for export, it is costing the western producer extra money.

I understand the government is constructing additional facilities at Halifax which will help to relieve this situation. But once again, I do not think it is good merchandising to move western grain into Halifax, and then to have to move it back as far as it goes into the maritimes. There should be a method of moving it more directly into that area.

Mr. HORNER (*Acadia*): You are suggesting, though, that for both domestic and export service the elevator facilities should be enlarged—and I am summarizing, of course—in Halifax?

Mr. McNAMARA: No. I would say that if we had the full use of the facilities now available which were built for export in Halifax, Saint John and East Saint John, that with the changing pattern of the grain movement, with more of it going west, I would not advocate that additional facilities be constructed for export grain in Halifax. But I would like to have a normal share of the use of the elevator that was built for the movement of my grain for export.

Mr. HORNER (*Acadia*): Then, to summarize again, what you are saying is that in both Halifax and Montreal it would be to the western producers' advantage and the eastern feeders' advantage to set up a network that would distribute feed grain to the farmer?

Mr. McNAMARA: Yes. I think it would be a much more efficient operation for warehouses or feed plants to be constructed in the feeding areas rather than try to service these areas by elevators designed for the export movement.

Mr. HORNER (*Acadia*): In your opinion—and I might add in mine too—there is room for something similar to the co-operatives in western Canada in the grain handling facilities in eastern Canada both in the Montreal area and in Halifax.

Mr. McNAMARA: I agree.

Mr. HORNER (*Acadia*): Thank you.

The CHAIRMAN: Mr. McNamara, would you comment on one statement Mr. Horner made to the effect that he thought most of the grain was fed—did I understand you right, Mr. Horner—in Quebec and the maritimes?

Mr. HORNER (*Acadia*): I said most of the feed grain moved down from western Canada is fed in Quebec and the maritimes, yes.

The CHAIRMAN: Would you mind giving me the exact figures on that, or approximate figures?

Mr. McNAMARA: We moved a large quantity into Georgian Bay and the Prescott area.

Mr. HORNER (*Acadia*): Unless he can produce the figures, I stand on what I said.

Mr. McNAMARA: Then you had better stand because I do not have the figures, so I will pass.

The CHAIRMAN: I will challenge you on that.

Mr. HORNER (*Acadia*): Okay. The eastern edge of Ontario receives some, but of the \$20 million, \$8 million goes into Quebec in the price subsidy, which is what I am talking about, and I would be guessing at the maritimes.

The CHAIRMAN: I was not talking about subsidy; I was talking about bushels.

Mr. HORNER (*Acadia*): Well, I was talking about dollars.

Mr. CLERMONT: Mr. Chairman, most of the western Quebec farmers are getting their supplies from Prescott, Ontario.

Mr. HORNER (*Acadia*): Well, I realize that Prescott handles a lot of feed grain, but I also realize that there is a drastic need for the handling facilities of the grain in eastern Canada. Basically, this is where the biggest problem was, in my opinion and Mr. McNamara, in a sense, has agreed with me that there is a great need here, and that is all I ask for.

The CHAIRMAN: I would think, too, Mr. Horner, that in Ontario a great deal of western grain is fed, and probably their facilities are as modern as any you have in western Canada, and perhaps more modern because there would not be one that would not have a cleaning house would there?

Mr. HORNER (*Acadia*): Well, I do not want to get into an argument with you, Mr. Chairman, I would propose, however, that an eastern feeder in Toronto can buy grain cheaper than I can in the whole of my riding.

The CHAIRMAN: I am glad you recognize that you should not argue with me.

Mr. HORNER (*Acadia*): I hate to correct you, but you were out of order!

The CHAIRMAN: If there are no further questions on that subject, what is the desire of the committee? It is about five minutes to ten.

Mr. HORNER (*Acadia*): Are we going to adjourn at 10 o'clock, Mr. Chairman?

The CHAIRMAN: I would think so. I am in the hands of the committee as far as that goes, but the members have spent a long day here today.

Mr. HORNER (*Acadia*): Well, I would suggest we adjourn right now.

Mr. JORGENSEN: So far as I am concerned, I have completed my questioning of the commissioners.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Well, Mr. Chairman, we can finish up this evening, can we not?

The CHAIRMAN: We cannot finish it all this evening, I know that.

Mr. HORNER (*Acadia*): But I think you are being a bit hasty. While I realize that Mr. McNamara is a very busy man and doing a very good job of being a busy man, I would like to have him stay until tomorrow.

The CHAIRMAN: We cannot hear them tomorrow because we have made no arrangements. We told them that we would not hear them; the committee said that we would only have them here on Tuesday of this week. That is why we are sitting this evening, actually. I do not know how in the world we would hear them tomorrow because about half the members are going to the Expo site in Montreal, and if we had a committee meeting we would have to have the Speaker of the House here, and hold the House over here.

Mr. HORNER (*Acadia*): I think it is terrible to bring the Commissioner down here for one day.

The CHAIRMAN: Perhaps I am completely misinformed, but I understood that you were coming east on your way to Europe, and that this was held for our convenience as well as for their convenience today. This was the information given to the steering committee, and we reported to the committee that they would be available for this day. I had no knowledge that they would be available for any further sittings.

Mr. McNAMARA: Mr. Chairman, we could make ourselves available today and part of Thursday. I am leaving for Europe Thursday night, but we could be made available. Even if I should leave, some of my colleagues could carry on it if it is the wish of the committee. We certainly are at your disposal.

Mr. MUIR (*Lisgar*): Could I make the suggestion that perhaps we could meet with you after you come back from Europe?

Mr. McNAMARA: I hope I get back!

Mr. MUIR (*Lisgar*): How long do you expect to be away?

Mr. McNAMARA: That will depend on the negotiations.

The CHAIRMAN: I would just like to read for your information, Mr. Horner, what the subcommittee reported to the committee, and was adopted by the committee, namely:

That the Canadian Wheat Board be called to appear before the Committee at 9:30 o'clock a.m. on Tuesday, June 7, 1966, and that the committee sit in the afternoon and evening, if necessary. Two, that the Canadian Wheat Board be recalled at a later date if the committee's examination is not complete.

Mr. HORNER (*Acadia*): Well, in my short time here as a member I do not remember ever getting through with the Wheat Board in one day. Mind you, I am in a very generous mood here tonight, and I vouch for going on with further questions. I think that Mr. McNamara and the Wheat Board have done a good job, generally speaking. I would not want to be quite all that generous.



The CHAIRMAN: I think you have come to one conclusion, namely that quotas do not elect members; big ones or small ones do not defeat them.

Mr. HORNER (*Acadia*): Well, you may have come to that conclusion. I never made any judgment in that regard.

The CHAIRMAN: Well, I was just summing up the discussion on quotas.

Mr. HORNER (*Acadia*): Well, I will go along with the wish of the committee.

The CHAIRMAN: Are there any further questions which any member has at this stage of the game to direct to Mr. McNamara and his band—I should say his officials?

Mr. HORNER (*Acadia*): I would like to ask a question, Mr. Chairman, with regard to your proceedings. It has always been the rule—and I realize that rules are not a good thing around here any more—that after we have the Wheat Board we hear the Board of Grain Commissioners. Is it the intention of the committee to call them?

The CHAIRMAN: Yes, that was in one of the subcommittee reports to the committee, and adopted by the committee, that they appear, I think it is supposed to be, on June 16, next week.

Mr. HORNER (*Acadia*): Well, I am certainly a bit reluctant, but I will go on.

Mr. CLERMONT: I join Mr. Horner to thank Mr. McNamara and the boys for all the explanations they have given us.

Mr. MUIR (*Lisgar*): Mr. Chairman, I think it would be unfair to ask Mr. McNamara and the boys to come back on Thursday. I think we have had a fairly complete discussion.

Mr. HORNER (*Acadia*): I would agree with that.

The CHAIRMAN: Mr. McNamara is desirous of saying something.

Mr. McNAMARA: I just want to thank the members of the committee for their very courteous hearing. I want to tell you most sincerely, on behalf of all my colleagues, that we do welcome very much the opportunity of meeting with this committee, discussing operations with you, and receiving the benefit of your suggestions. I only regret that in recent years this has not been an annual meeting because I do think, as a government appointed body, we should be responsible and be prepared to report in detail. We welcome the opportunity of meeting the committee at any time you desire to have us meet with you.

The CHAIRMAN: Thank you, Mr. McNamara. As Chairman of the committee, I would only like to express my sincere appreciation to you and your officials for appearing before the committee; it has been an experience for me. I have been a member for four years and this is the first time I have had the experience of hearing the report of the Wheat Board, or the Board being questioned about their report. I feel sure that if the committee are desirous of you appearing before them again this fall, that you will do so. This was intimated at the steering committee, and we wholeheartedly thank you for your patience and your deliberations here today.

Mr. McNAMARA: Thank you very much, sir. Thank you, gentlemen.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

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Respecting

Estimates (1966-67) of the Department of Agriculture

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THURSDAY, JUNE 9, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. C. H. Jefferson, Director, Plant Products Division; Mr. R. G. Savage, Chief, Seeds Section, Plant Products Division; Mr. P. W. Clements, Director General, Services Division; Dr. D. S. MacLachlan, Acting Director, Plant Protection Division; Mr. E. A. Eardley, Director, Fruit and Vegetable Division.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

THE STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan  
*Vice-Chairman:* Mr. Herman Laverdière  
and

Mr. Asselin ( <i>Richmond-</i>	Mr. Herridge,	Mr. Peters,
<i>Wolfe</i> ),	Mr. Honey,	Mr. Pugh,
Mr. Beer,	Mr. Hopkins,	Mr. Rapp,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Ricard,
Mr. Choquette,	Mr. Johnston,	Mr. Roxburgh,
Mr. Clermont,	Mr. Jorgenson,	Mr. Schreyer,
Mr. Comtois,	Mr. Lefebvre,	Mr. Stafford,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stefanson,
Mr. Danforth,	Mr. Madill,	Mr. Tucker,
Mr. Éthier,	Mr. Matte,	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Faulkner,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	<i>guay-Huntingdon-</i>
Mr. Gauthier,	Mr. Neveu,	<i>Laprairie</i> ),
Mr. Gendron,	Mr. Noble,	Mr. Yanakis—45.
Mr. Godin,	Mr. Nowlan,	
Mr. Grills,	Mr. Olson,	

(Quorum 15)

Michael B. Kirby,  
Clerk of the Committee.



## MINUTES OF PROCEEDINGS

THURSDAY, June 9, 1966.  
(17)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 10.00 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Choquette, Clermont, Danforth, Éthier, Faulkner, Forbes, Gauthier, Godin, Honey, Hopkins, Laverdière, Lefebvre, Madill, Matte, Moore (*Wetaskiwin*) Neveu, Noble, Nowlan, Olson, Pugh, Rapp, Ricard, Roxburgh, Watson (*Assiniboia*), Whelan, Yanakis (27).

*Also present:* Messrs. Alkenbrack, McCutcheon and McLelland.

*In attendance: From the Department of Agriculture:* Mr. S.B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C.R. Phillips, Director General, Production and Marketing Branch; Mr. C. H. Jefferson, Director, Plant Products Division; Mr. J. S. Parker, Director General, Departmental Administration; Mr. R.G. Savage, Chief, Seeds Section, Plant Products Division; Mr. P.W. Clements, Director General, Services Division; Dr. D.S. MacLachlan, Acting Director, Plant Protection Division; Mr. E.A. Eardley, Director, Fruit and Vegetable Division.

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

Mr. Williams of the Department of Agriculture answered a question raised by Mr. Danforth at a prior meeting concerning the private importation of wheat.

At the request of Mr. Danforth, it was agreed that the Departmental Officials would supply a short statement on corn Stunt Disease (Dwarfism).

At the request of Mr. Matte, it was agreed that the Departmental Officials would supply a short statement to the Committee on the labelling of reconstituted fruit juices.

At 12.00 o'clock noon, the questioning of the witnesses continuing, the Chairman adjourned the Committee till 9.30 o'clock a.m. Friday, June 10, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

THURSDAY, 9 June, 1966.

● (9.58 a.m.)

The CHAIRMAN: I will call the meeting to order.

I would like to introduce the members who are with Mr. Williams, the assistant deputy minister today. First is Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. C. H. Jefferson, Director of Plant Products Division; Mr. J. S. Parker, Director General of Departmental Administration; R. G. Savage, Chief of Seed Section, Plant Products Division; P. W. Clement, Director, General Service Division; Dr. D. S. MacLachlan, Acting Director, Plant Protection Division; and Mr. E. A. Eardley, Director of Fruit and Vegetable Division.

First of all, Mr. Danforth had asked some questions about importing seed. Mr. Williams, the Assistant Deputy Minister, would like to comment on this question of a farmer importing seed for his own use.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Production and Marketing, Department of Agriculture*): Mr. Chairman, while the statement that was made in respect of farmers importing seed for their own specific use is in general, true, there are three exceptions to it. These are spring wheat, durum wheat and spring barley. These may not be imported by anyone unless they are a licenced variety.

Mr. DANFORTH: Does that come under the provisions of the Wheat Board? Is it a provincial regulation, or is it a federal regulation?

Mr. WILLIAMS: It is a federal regulation under the Seeds Act.

Mr. DANFORTH: Thank you, sir.

The CHAIRMAN: We were dealing with lime assistance when we adjourned this section of the estimates last Friday. Are there any further questions on lime assistance?

Mr. FORBES: I have missed a couple of meetings. Have you been discussing the plant products division? Is that what you are discussing now? I would like to make a few comments on the rates being charged for seed inspection and final inspection on seed grain.

The CHAIRMAN: Is it alright then, Mr. Forbes, if Mr. Honey asks a question on lime assistance?

Mr. FORBES: Yes; quite alright.

Mr. HONEY: Mr. Chairman, at the last meeting I think Mr. Williams mentioned that in 1962 a basis was arrived at for determining the amount of federal assistance; that was 1962, am I correct? Would you tell the Committee again briefly, because I have forgotten the exact way in which this was determined.



Mr. WILLIAMS: The method that was used was to average the amount of federal funds that had gone to each province in the previous four years, and the average federal contribution to each province was then used as a ceiling, or limit, on the federal contributions subsequently.

Mr. HONEY: The thing that concerned me about that, Mr. Chairman, was whether or not this method of determining the maximum that would be paid to each province might have a limiting effect on the provinces that were not utilizing the program to its full advantage, let us say, in those four years in which the determination was made. Is there a possibility that this is happening?

Mr. WILLIAMS: Yes, I think that there is a very definite possibility that this did happen in certain provinces, and in other provinces it had no limiting effect. In some provinces it had a limiting effect, not necessarily of lime usage, but a limiting effect in terms of whether the federal contribution represented 60% of the total expenditure made within the province.

Mr. HONEY: But if it had a limiting effect on the federal contribution, it would probably have an effect on the amount of lime used, too; in other words, the purpose of the federal contribution is to assist in the use of the lime; is that correct?

Mr. WILLIAMS: Yes.

Mr. HONEY: Mr. Chairman, I wonder if the department has given any thought to reviewing the method by which the federal assistance is now determined, particularly with the thought in mind of upgrading the amount paid to provinces which probably were not in the four year period utilizing this program to the full benefit they should have been deriving from it?

Mr. WILLIAMS: I think I would have to say here, Mr. Honey, that when the decision was made to limit it. It was a policy decision, and like all policy decisions has been reviewed from time to time; and I think I would also say that at the present time it is under review again.

Mr. HONEY: It is under review now. Thank you, Mr. Chairman.

The CHAIRMAN: Are there any further questions on lime assistance?

Mr. RICARD: I would like to ask what is the amount that the province of Quebec has been receiving in the last five years?

Mr. WILLIAMS: The maximum is \$1,205,000.

Mr. RICARD: For one year?

Mr. WILLIAMS: Yes.

Mr. RICARD: Thank you. Is this the province that received the most?

Mr. WILLIAMS: Yes.

Mr. FORBES: That \$1,205,000 is out of a total federal expenditure of \$1,608,000.

Mr. RICARD: Does that mean about 75%?

Mr. WILLIAMS: Approximately, yes.

Mr. FORBES: Mr. Chairman, I have had representations made to me by members of the Canadian Seed Growers' Association with respect to the increase in charges for seed testing and embryo test and this type of final inspection. I was of the opinion that this was a service to all the grain producers of Canada. We are rather surprised at the increase in charges, because the seed

grower, in most cases, has no way of passing on these charges to the ultimate buyer.

Just to indicate to you the situation, you have increased the germination tariff—it used to be seventy-five cents—to a dollar and a half; and the embryo test on barley is up to three dollars from a dollar and a half; and all down the line. The charge has been more than doubled.

In addition to that, the Canadian seed growers render a great service on behalf of agriculture in general. They in turn, in order to carry on their business, have increased their fees from ten cents an acre to thirty cents an acre.

There are two or three ways you could get around this. One is that you could reduce your seed testing fees to the usual fee, and the other is to increase the grant that the government gives to the Canadian Seed Growers' Association. I think that you will admit that there has been no change in this grant for twenty years or more—and I am saying that as a guess, because I do not know the number of years, but I know that it is a long time. Recognizing the important work that they are carrying on I think, in view of the increased costs to every other association and organization, it is time that the Canadian Seed Growers' had an increase in their grant, to enable them to carry out the important duties they are carrying out in connection with maintaining the purity and so on of our grains.

After all, the whole standard of Canadian grains is based on the work of the Canadian Seed Growers and your plant science department, to maintain this purity.

I would suggest to you that instead of increasing these fees you could make a small contribution by lowering the fees and increasing the grant to the Canadian Seed Growers' Association.

I would like to mention, further to substantiate my statement, a letter I received here a short while ago with respect to this same matter. It says "The premium between pedigreed seed and commercial seed has never been large, and in many cases commercial seed has been sold within fifteen cents per bushel of the price of certified seed. This is quite a small premium to pay for the possibility of increased returns such as mentioned, without the addition of other costs". I do not need to go into any lengthy statement with respect to the amount of work involved by a seed grower in order to maintain the purity of this grain.

I was going to ask for your comments on it and ask you to give it very careful consideration with respect to getting these prices more in line with the previous seed charges.

Mr. PHILLIPS: Mr. Chairman, this matter of fees for seed work was gone into in great detail in the following context. Two or three years ago the Canadian Seed Growers' Association had difficulty in financing their operation, and they came to the Department and asked us to go with them into a method of financing their operation so that they would be solvent. They did have a backlog of funds that originally they had collected for a building fund. It was upwards of \$70,000.

Another part of the context was the report of the Glassco Commission. In that context we met with the Seed Growers' at their annual meeting, and it was agreed that their means of revenue was on the registration of crops, namely, on

acres. It was agreed at that meeting that the Department would withdraw from a charge on the field inspection, and that they would raise their fee the equivalent, and we would drop the grant. That was voted and approved by the Seed Growers' Association at that meeting.

An hon. MEMBER: And drop the grant?

Mr. PHILLIPS: They would be getting the ten cents an acre in lieu of the grant.

Mr. FORBES: In lieu of the \$44,000?

Mr. PHILLIPS: That is right.

Subsequent to the meeting the directors met and they said, "I think we should not go quite this far. Let us leave the department with the ten cents per acre"—which had not changed for years—"—and continue with the grant. It will be a sort of insurance policy. If we have less than 440,000 acres we are assured of \$44,000, whereas we would not be if it were ten cents per acre". Since that time, this is the way we have proceeded. They are now financially solvent, they are working on an acreage fee basis, and they support the principle that they should be solvent.

The matter of seed testing fees was discussed both with the Seed Trade Association and the Seed Growers' Association. The problem is that the fees were so low,—they had not been changed since 1940—that we were charging seventy-five cents for a purity and germination, and people were sending samples of seed in, asking for both, when they needed only one, and that our labs were being plugged. The Line Elevators Association were providing a service in Western Canada to farmers to test for frost damage. Other organizations were sending samples for that purpose to our laboratories.

Our laboratories are mainly designed for checking on seed in commerce, and to the degree that our laboratories were plugged with these samples, we were unable to do a proper service. It was decided that we should get closer to cost. It was discussed thoroughly and it was agreed that the fee should be much higher and that it would be introduced in stages. The cost of testing a sample of seed—I am going to speculate because there are various prices—is around seven dollars, and the charge is now \$1.50 in the case of cereals. So it is a long way from cost.

We are providing a service, and to the degree that this change has been made we are getting a better organization of seed testing in Canada doing a better job.

Mr. FORBES: I was hoping for further recognition of the importance of the seed business. After all you fellows can pass charges on, while the seed grower has no way of passing on these charges. He has to refer to the seed trade. They have a way of passing on their charges, but the ordinary seed grower has to try to sell his product through the commercial seed trade. It is true they can collect this but how does the seed grower collect.

Even on the new varieties that come out, the government limits the amount the seed grower can charge for those varieties during the first year.

I think if you take all into consideration you will find that the seed grower is performing a service for which he has no way of collecting any compensation.



Mr. PHILLIPS: Mr. Forbes, I have not the figures with me, but the number of seed growers would be five thousand, and as I recall the figures in the Plant Products budget it was getting up around the \$500,000 contribution towards the seed growers that was made in that budget in terms of service provided on field inspection and seed testing and seed sealing, which, I think, is fairly significant.

Mr. FORBES: You mean it is costing the Government about \$500,000 a year for service to seed growers.

Mr. PHILLIPS: Yes, for service to seed growers, apart from the revenue that—

Mr. FORBES: Is that a net figure, that \$500,000?

Mr. PHILLIPS: Yes. That is as I recall it. Do not hold me to a precise figure, but it was in that area.

In the course of the study on these charges—I wish I had the table here—the charge in the United States was on a self-sustaining basis and was up in dollars per acre, where ours is ten cents. I meant the United States charges. Each state is different but they are up in the dollars per acre on field inspection and up much higher than this dollar and a half. As I recall, it was six dollars in the States.

Mr. FORBES: I have one further question. How recently have you discussed this with the directors of the Canadian Seed Growers' Association?

Mr. PHILLIPS: The last time I have discussed it with them was at their annual meeting in Saskatoon when it was passed by the general meeting. That would be in 1964. It was last year, I believe, in terms of the seed testing fee, when it was discussed with the Seed Growers.

Mr. WATSON (*Assiniboia*): I want to back up Mr. Forbes on the very good point he put across. I can only emphasize the same thing over that I feel that the Canadian Seed Growers are making a big contribution to better seed in Canada. Actually the spread between commercial seed and the price that you can get for your ordinary possibly certified seed, that the spread is not there. There is no way that we can increase the price that will compensate for these higher prices.

Further to what Mr. Phillips said about the American market, could he give us any indication of how the American recover this high cost if it is on a complete pay-as-you-go basis?

Mr. PHILLIPS: I can give an opinion on one of the reasons. You are talking of cereals.

Mr. WATSON (*Assiniboia*): Yes.

Mr. PHILLIPS: As you know, there is a large volume of seeds produced in western Canada on which there is field inspection, which is never sold as seed. It is available there. This is getting less so but it is available there. If the quota is low it is another way of selling grain. Now to the degree that you have that situation you are going to have a surplus of seed, and, therefore, the premium for seed over commercial grain is not going to be high. This is the reason for that. It is not the same situation in terms of forages and so on.

Mr. WATSON (*Assiniboia*): Would this be part of the reason that, not so much today, but a few years ago, there was quite an American market for registered and certified seed. Was it due to the fact that our market was lower

and they could buy it cheaper in Canada than they could do it themselves in the United States?

Mr. PHILLIPS: It was a combination of the matter of variety that they wanted here, the U.S. support price, and the quota situation in Canada. All three had a part in it.

Mr. FORBES: The fact of the matter is that, today, as Mr. Watson said, the American farmers can buy our pure seed, fully processed, for less money than he can get commercially for his grain that is in store.

You were right in one line, and that is that you have got registered seed growers and growers of registered seed, again. It is the growers of registered seed who have reduced the market price by making an over-quantity available. This is one of the reasons why I think the Department has taken years to consider this matter.

The seed growers to get as much government assistance as any other department of agriculture. I do not suppose you could compare it with the livestock, or any other department, but in many instances I think you will find that other departments get more assistance than the seed growers get. At the same time there is no other branch that is more important than the production of registered seed.

Our wheat sales to Russia, China and all over the world are an indication that people want Canadian wheat. The seed growers are maintaining purity along with satisfactory prices.

This is the point that the Seed Growers asked me to bring to your attention, with a view to having it given further consideration.

Mr. WILLIAMS: It is very difficult to make exact comparisons. Within the Department the recovery for the various programs that are designed to assist breeders, whether these be livestock breeders or plant breeders or registered seed growers—the percentage recovery across the various programs is quite similar. For example, in our R.O.P. program for dairy cattle the fee schedule was re-worked last year, I believe, and at the present time the percentage of our total costs recovered by farmer contributions is approximately the same as in our seed testing.

All I am saying really is that we do try to keep these things in balance across the various segments of the Canadian agricultural industry.

The CHAIRMAN: We will move on to plant protection division. Are there any questions concerning that?

Mr. WATSON (*Assiniboia*): Mr. Chairman I have just come in and I heard him speaking about livestock. I do not know what the discussion was that took place.

The CHAIRMAN: If it is repetitious we will tell you.

Mr. WATSON (*Assiniboia*): Can Saskatchewan and Alberta qualify for this lime assistance? I realize that at the present time there is possibly not much lime used in these provinces, but if these alkaline situations get worse would these provinces qualify, or do you have to be in a provincial plan?

Mr. PHILLIPS: Under the present regulation, which is solely a regulation, these provinces are not eligible. The reason, of course, for their exclusion from the original regulation is that they did not have any programs.

Mr. WATSON (*Assiniboia*): It would be up to the provincial governments to institute a program such as this if they wanted to take advantage of it.

Mr. PHILLIPS: Yes. In general, however, I must say that in anything but high rainfall areas lime is not a requirement of agriculture. I realize that there are pockets in some of the other provinces where lime is useful, but, in general, this is the case.

Mr. WATSON (*Assiniboia*): For isolated cases there would be no point in the province going into it on a smaller scale?

Mr. PHILLIPS: I do not think I would like to make that statement categorically, Mr. Watson. Our position is that at the time these regulations were brought into effect the only provinces covered were those that did have programs.

Mr. WATSON (*Assiniboia*): How long have these programs been in force in the other provinces?

Mr. PHILLIPS: The lime assistance program was a wartime measure to stimulate the production of forages, and it has continued since. Mr. Watson asked how long they have been in effect in some of the provinces. I think some of the provinces have had programs for a very long time.

Mr. WATSON (*Assiniboia*): Mr. Phillips is speaking about the first world war then!

Mr. PHILLIPS: No. Nineteen forty-three was the year. I should have mentioned that.

The CHAIRMAN: Mr. Clermont, is your question on plant production division?

Mr. CLERMONT: Mr. Chairman, I understand that before importing a certificate has to be obtained. In certain cases, a certificate can be refused if these plants are coming from a country where there is a pest or a disease which is not established in Canada. My question is this: What are your sources of information if a country has these diseases?

Mr. PHILLIPS: Canada is a signatory to the international plant-protection convention and under this convention countries who are members are obligated to declare openly the diseases, insects and pests which occur there.

We have contact regularly with plant quarantine agencies in other countries. In general, I believe, we have a very good idea of the pests and diseases which occur in these countries.

Mr. CLERMONT: Even in countries which are not members of that group?

Mr. PHILLIPS: This is right. The United States of America is not a signatory to this, and they are quite free in giving us this type of information.

There are also maps which outline pests and diseases from independent organizations within this country, outside the plant quarantine organization.

Mr. CLERMONT: What is the cost for fumigation service in your division? I understand this service can be done by commercial industry, or through your division. If it is done through your division is there any cost to the—?

Mr. PHILLIPS: There is a nominal fee charged. At the moment I could not comment and say definitely what this fee is. But it is certainly a nominal fee when it is done by the division, as such.



Mr. CLERMONT: But there is a fee?

Mr. PHILLIPS: There is a fee, yes.

Mr. NOBLE: Mr. Chairman, might I ask if the department has found any progress being made in these various insects and things which are affecting vegetables and seeds and things we are importing into this country? Are you finding more of this now, or are we holding our own, or what is the situation there?

Mr. MACLACHLAN: With development in technology there are better tests available each year and, of course, the division is trying to keep up with these technological advances. I believe that we are able to give plant material a better examination now—more thorough examination—than we were several years ago.

Mr. NOBLE: Does that mean that you are finding more of a hazard on importations now than you had found previous to this, with the knowledge you have?

Mr. MACLACHLAN: I think the answer to that would be no. All of these materials coming to Canada are examined in the country of origin, and, of course, their technological advances are similar to ours. I think we are getting a better examination in countries of origin, so that equalizes.

The CHAIRMAN: A supplementary, Mr. Pugh? I beg your pardon, Mr. Noble, are you finished?

Mr. PUGH: Is there a fairly close liaison with the departments of agriculture in the countries of origin?

Mr. MACLACHLAN: Generally, I would say that the plant quarantine divisions in these countries are again very closely connected with the department of agriculture, and our own division has specialists who are quite familiar with their counterparts in these other countries.

Mr. PUGH: Are our standards on control equal, or are they better, or stiffer, than most countries of origin?

Mr. MACLACHLAN: That is difficult to answer on a general basis. There are countries in Europe where I would say our standards are stiffer than theirs. At the same time, countries like Australia in particular have much stricter regulations than we have.

Mr. PUGH: Do we have a requirement that all imports must meet our standards and are those standards generally known in the countries of origin?

Mr. MACLACHLAN: Yes, these are known. Actually this is handled through an import permit. In other words, anyone in Canada who wishes to import material from another country has to obtain a permit from our plant protection division. This permit states that the material coming in must meet certain standards, or the standards of the Canadian plant protection division. They are made aware of what these standards are and they must meet them.

Mr. PUGH: Do you run into any trouble on that? Do you find many imports that do not meet our standards?

Mr. MACLACHLAN: There are a considerable number every year. Whether it is many or not, it is actually a fairly small percentage of the overall imports that do not meet our requirements.

Mr. DANFORTH: Mr. Chairman, I was very interested in the loophole that was apparent in the importation of seeds, and the importation of chemicals. I am wondering, because of the serious nature of this, if there is the same loophole in the plant protection division.

You realize that I speak of the difference between the interpretation of the word "importer" and "re-offering for sale". In this administration of the Act perhaps if we could define the word "importer" it might explain the whole situation, because of the seriousness of importation of plants with soil adhering to them, or, say, nematodes which we are definitely afraid of. Does this regulation apply to an individual who would import on his own and on his own initiative, or does this, in another Act administered by the department, relate only to people who import for resale?

● (10.30 a.m.)

Mr. MACLACHLAN: This regulation applies to a private individual who may be bringing in one plant, or to a nursery which may be bringing in thousands. It is applied across the board strictly, for any plants or plant products which are imported, by private individuals or by commercial concerns. They are all considered in the same light.

Mr. PUGH: Well, I am certainly delighted to hear that, Mr. Chairman. This is strictly a federal Act of administration and there are no other provincial regulations along this line. The point of this question, Mr. Chairman, is that I want to find out if this is true in every province in Canada and not just here in Ontario.

Mr. MACLACHLAN: This covers every province, although in certain provinces there are specific regulations which govern interprovincial movements, or quarantine areas within provinces; but the general import from countries other than Canada is a federal regulation which applies to all provinces.

Mr. PUGH: This protects us as far as importation of diseases and insects from foreign countries is concerned, but do all provinces have their own regulations which prohibit the transmission of a disease across provincial borders?

Mr. MACLACHLAN: In general, our regulations are primarily concerned with new pests and diseases which may be introduced from other countries.

There are diseases which are established, I would say, fairly generally across Canada but which may be of particular importance to a certain province. In cases like this very often the province will set forth regulations to govern this particular disease although it is not of particular quarantine significance to the federal department.

As an example, I would cite the case of bacterial ring rot of potatoes, where many provinces have specific regulations which concern this disease, while the federal government, as such, has no regulation outside of what is contained in our seed potato regulations. This disease would not be considered of quarantine significance, since it is fairly well established across Canada.

I think I might add that, for diseases that are not well established across Canada, the federal act provides for quarantine which can prohibit movement across interprovincial boundaries, or prohibit movement even within the province. They can establish quarantine areas. For example there were the golden nematode situation and the potato wart disease in Newfoundland and there are

several other examples I could mention. These are both plant diseases and insects.

Mr. PUGH: One further question. I know that in our particular area we are very much concerned about the rapid progress, across the United States northward, of corn dwarfism, and we are very much concerned, as a corn production area, that this does not cross Lake Erie from Ohio.

Might I ask if there are other new and major problems facing the department in this regard? We are well aware of the golden nematode, we have the rust in the west and the airborne infestation of the different rust diseases in the provinces. I wonder if, at the present time, it would be possible to state other major problems of which we are not aware.

Mr. MACLACHLAN: There are in effect two insects which we are quite concerned with at the moment. The one is the cereal leaf beetle which is quite destructive to most cereal crops. We are surveying continually for this. This does occur across the border. It is known in Michigan and in several of the mid-western states.

The U.S. department of agriculture is spending millions of dollars in eradication on this at the moment. We found one beetle in Canada last year, but we are conducting intensive surveys for this particular beetle. We are examining, for instance, bedding material that is coming in with race horses and all this type of thing which might carry the beetle across the border. Unfortunately, it is a very strong flier and we do not have actually too much at our disposal to prevent its introduction but we hope that if it is introduced we will be able to find it right away and start an eradication program before it is too well established.

Another one is the alfalfa weevil which is known in New York state, Vermont and some of these now. Again, we are surveying intensively to determine whether or not it is present.

These are the two at the moment—new ones—which are of definite concern to this division.

Mr. PUGH: One that I am definitely interested in, Mr. Chairman, is, of course, this corn dwarfism which we are given to understand is a virus. I am informed that there were tests taken in various parts of southwestern Ontario of plants which showed some of the characteristics or symptoms of dwarfism during last year's growing season. I am also aware, Mr. Chairman, that our season was somewhat different last year from what we would call normal, and some of this characteristic could be attributed to the climate.

I am wondering if tests have shown whether or not this dwarfism has appeared in some of the samples taken by the department, or has been diagnosed as dwarfism.

Mr. MACLACHLAN: I am afraid, sir, I am not in a position to report on this at the moment. We are aware of the disease, and it is my understanding that the vector for this disease is an insect which has a very limited range. In other words, it cannot survive under certain climatic conditions. Generally speaking, Canada is beyond the range for survival for this vector.

As far as the sampling is concerned I am not in a position to comment on it, but we will certainly be prepared to look into this for you.



Mr. DANFORTH: I wonder, Mr. Chairman, if this information could be provided for the record because of the seriousness of the matter and the concern that is felt by the industry.

The CHAIRMAN: Mr. Eardley informs me that it will be provided.

Mr. DANFORTH: Thank you, Mr. Chairman.

The CHAIRMAN: Are there any further questions on the plant production division? Mr. McLelland?

Mr. McLELLAND: On this matter of insect pesticides and control, we are aware of this beetle and I was wondering if the department has licensed insecticides, or something to that effect, that can be used as a spray which will control this. I am thinking primarily of the mess we got into when we used dieldrin in the dairy business.

Is there something in the line of a spray which will counteract this beetle if it were to come into a serious stage of life in Canada?

Mr. MACLACHLAN: In this matter, as I pointed out, the United States authorities are deeply involved in eradication at the moment. They have tried a number of materials for eradication. I am not in a position to say which one has been found most effective at the moment, but I believe I am correct in stating that all these materials have been licensed in Canada and would be available for control.

Mr. McLELLAND: I think I am right in assuming that there is nothing that is any more effective than dieldrin, but it caused an awful lot of concern and an awful lot of hardship in the past.

The CHAIRMAN: Are there any further questions? I just have one question that I would like to ask as Chairman. We do provide Canadian inspectors in countries of origin of certain plants, do we not?

Mr. MACLACHLAN: This is primarily concerned with bulb imports from Holland. We provide three inspectors each year, who are sent to Holland to do the inspection there.

The reason for this is that most of the bulbs coming out from Holland are sent from one central location, and it is more economical and we can do a better inspection there than we could once they actually become dispersed in Canada.

The CHAIRMAN: Did I gather from what you said that the United States do not have as strict an inspection as we do on importing plants and bulbs and hhis type of thing?

Mr. MACLACHLAN: I hope I did not give that impression. I said that several of the European countries do not have the restrictions that we have.

The other thing I mentioned was that the United States plant quarantine division is not a signatory to this international convention. I hope by this I did not imply that their regulations were not as strict as ours. They are just not bound by this convention, although in general they adhere to it as closely as the member countries.

The CHAIRMAN: The only reason I asked that question was that if I understood our plant inspection and products division correctly—how you operate and the controls you operate under—the same thing could not have happened in Canada as happened in United States on the importation of tree roots from I

believe it was, Holland, or one of those countries, which brought in the Dutch elm disease. We know how this has affected our country, even though the product was not imported into our country, and the tremendous effect it has had on the elm tree in Canada.

Mr. MACLACHLAN: Unfortunately, although we have regulations which cover most of these areas of destructive insects and pests, many of these are very difficult to detect. We try to do as thorough an inspection as we can, but there is always the possibility that we may miss one in spite of the fact that regulations do exist. The fact that regulations do exist does not mean that there is still not the possibility of some of these coming in on occasion.

The CHAIRMAN: We will move on then to seed potatoes certification. Are there any questions concerning this? No questions.

The general service division. Consumer division.

(Translation)

Mr. CLERMONT: In regard to general services is the inspection automatic at the request of individuals or is it done over certain periods of time?

(English)

Mr. WILLIAMS: It is done both ways, sir. If there is a complaint received an inspection doubtless will be carried out. On the other hand, there is a regular inspection system where the general service division is established, which is in the main metropolitan centres. There is a regular inspection procedure whereby these inspectors call on retailers and inspect products.

Mr. ASSELIN (Richmond-Wolfe): Do they just buy or pick up any product, and do it?

Mr. WILLIAMS: They will do either or both. They may inspect the material on the shelves and report to the store manager that it is not up to grade and may place it under detention. They may buy material, take it away, and test it, depending on what the particular product is and what the method of inspection is.

For example, with butter, they buy it, take it away, and test it for fat content, salt content, water content, and whatever they might be looking for at that time. On the other hand, if it was potatoes they might just visually inspect them in the store; but they might buy them as well. It would depend entirely on the inspection.

Mr. ASSELIN (Richmond-Wolfe): There is no notification of the inspector going to the retailer's store. In other words, he would just drop in at any time? There would be no set date when he would go.

Mr. MACLACHLAN: I will let Mr. Clements answer that part of the question. He can describe the procedure to you.

The CHAIRMAN: You have about two minutes.

Mr. CLEMENTS: I will do my best for two minutes. We do have a staff in Canada who regularly call on the retail trade, that is, the food distribution stores, in sixteen of the major distribution centres in Canada.

The procedure here is that we try to make about four calls per store per year. It is strictly at our option when we do it. There is no notification,

obviously. It does not help to have the store manager know that we are coming. When we go into a retail store these inspectors will examine the dairy products; they examine the fruits and vegetable products; they do the dairy products; and do some checking with respect to meat products. As I say, it is not universal in Canada, but we cover the major centres and approximately fifty per cent of the retail stores in Canada, exclusive of Quebec and Prince Edward Island.

Mr. ASSELIN (*Richmond-Wolfe*): Exclusive of Quebec and Prince Edward Island?

Mr. CLEMENTS: Yes; that is correct.

Mr. ASSELIN (*Richmond-Wolfe*): Why is this?

Mr. CLEMENTS: We do not operate in any province unless we have a specific request from the province to do this work. As you can understand, the sale of goods in a province is subject to provincial regulations; therefore, when we are doing retail work we are using substantially provincial regulations, and unless the province asks us to do it and gives us authority to do it; we do not.

Mr. ASSELIN (*Richmond-Wolfe*): Therefore, any complaints along this line from the province of Quebec, or the province of Prince Edward Island, would be entirely up to the provincial governments.

Mr. CLEMENTS: We are currently working on a proposal from the Quebec department to set up a retail inspection service in that province.

Mr. ASSELIN (*Richmond-Wolfe*): Are you making any progress?

Mr. CLEMENTS: At the moment we are awaiting the approval of money by parliament to do this.

Mr. CLERMONT: Will it be a joint enterprise, or will the inspector be supplied by the federal government?

Mr. CLEMENTS: The division in Quebec you are speaking of? These will be federal inspectors provided with authority by the provincial department.

Mr. CLERMONT: You said that you are only waiting for parliament—

Mr. CLEMENTS: To vote us some money in supplementary estimates, yes.

Mr. ASSELIN (*Richmond-Wolfe*): Then in other words, what you are saying is that Quebec has accepted.

Mr. CLEMENTS: Quebec has asked for it.

Mr. ASSELIN (*Richmond-Wolfe*): Prince Edward Island?

Mr. CLEMENTS: No; there is no change there.

Mr. ASSELIN (*Richmond-Wolfe*): No change there.

Mr. HONEY: In the provinces where you do the inspection at the request of the provincial governments, does the provincial government reimburse the federal government for this service.

Mr. CLEMENTS: No, they do not. We carry the full cost of the program.

Mr. ASSELIN (*Richmond-Wolfe*): Any fault that you would find you report to the provincial government? The federal inspector would report to the provincial government?

Mr. CLEMENTS: No. They report to our own people. We report to the retail trade, and we report to our own established division, such as the fruit and



vegetable division, the dairy products division, or the livestock division, because these people must work back through the channels of trade other than retail, right back to the distributor level. But by and large we turn the matter over to the province if there is a prosecution involved.

Mr. PUGH: I was interested from the point of view of fruit. Do you get many requests from the consumer level to inspect fruit in stores, or otherwise?

Mr. CLEMENTS: Not a request to inspect, but we do get complaints, and we do thoroughly investigate every complaint.

We always have consumers who phone up and say that they got this, or they did not like that. We always investigate as far back as we can. People do not come and say "Would you please go and look at...", but they will phone and say, "I bought something and I did not like it."

Mr. PUGH: Are you immediately on to that?

Mr. CLEMENTS: Yes, we try to do it within the day.

Mr. PUGH: In the matter of complaints coming in from people, would you get requests from B.C. people to go and inspect, say fruit in Winnipeg, or somewhere like that?

Mr. CLEMENTS: I am not aware that this has ever happened, Mr. Pugh. If they did ask we probably would do it. We probably would, depending on what kind of a request this was.

If it was a quality problem we might do that, but I do not say that we would be doing this specifically for B.C. tree fruits. We would be doing it for the department, for Mr. Eardley of the fruit and vegetables division, who is the expert in the group on fruit and vegetables.

Mr. WILLIAMS: I might say in explanation here that the general services division acts as an arm really of our various commodity divisions. They are general inspectors who inspect right across the division, and if they run into trouble they largely refer it back to the division concerned; if it is with meat, it will go back to the livestock division. If the problem is poorly graded meat coming on the market it is referred back and the action is normally taken.

Is that not correct, Paul?

Mr. CLEMENTS: Yes, this is right, Mr. Williams. It must go back to some level prior to the retail trade.

Mr. WILLIAMS: Let me say here that we do not want, going into retail stores, a dairy inspector, followed by a meat inspector, followed by a fruit and vegetables inspector, and so on. Therefore, we have a grader, or inspector, who is capable of inspecting all of these at the retail level.

Mr. ASSELIN (*Richmond-Wolfe*): The store would not stay in business very long.

Mr. WILLIAMS: Nor would we.

Mr. ASSELIN (*Richmond-Wolfe*): Does he identify himself as an inspector?

The CHAIRMAN: Mr. Asselin, before you continue your questions, there are other members who have indicated that they want to ask questions, and I wish you would address the Chair.

Mr. LEFEBVRE: Does this consumer section include packaging of goods in retail stores?

Mr. CLEMENTS: No, sir. The consumer section has no regulations whatsoever. The packaging in retail stores would be under the regulations of the appropriate specialized division; for example, the poultry division, the dairy division, or the fruit and vegetable division.

Mr. LEFEBVRE: Mr. Chairman, what I was getting at is that recently we have heard a lot and have read a lot about it in the papers—I think it was a women's organization—which took exception to the way bacon was being packaged. Does this come under your department?

Mr. WILLIAMS: That is Food and Drugs. That is the deceptive packaging regulation, I believe it is called.

Mr. ASSELIN (*Richmond-Wolfe*): Thank you, Mr. Chairman; it is very nice of you to recognize me. I wondered if I might ask a question about whether you keep in close contact with the Consumers' Association? They have local consumers' associations and groups in different local areas.

Mr. CLEMENTS: Our local supervisors do not definitely go out of their way to keep in touch with the local consumers' associations. However, they are usually well known to each other.

Our main contact with consumers, as such, is through our consumer section. They both come under my jurisdiction. We work together.

Mr. ASSELIN (*Richmond-Wolfe*): Thank you, Mr. Chairman, for allowing that question.

The CHAIRMAN: If you would follow the correct procedure, you do not have to worry about being allowed.

Mr. NOBLE: I would just like to ask if there is a large staff involved in this work? Does it take a large staff?

Mr. CLEMENTS: Speaking strictly about retail inspection, no sir, we have only about fifty-five to sixty—along in that neighborhood—operating in the main centres in Canada, exclusive of the two provinces I mentioned before.

Mr. NOBLE: Are these people stationed in Ottawa and travel out from Ottawa?

Mr. CLEMENTS: No, sir. They are stationed at Victoria, Vancouver, Calgary, Saskatoon, Regina, Ottawa, Winnipeg, Toronto, Windsor, London, Hamilton, and then down in the maritime provinces, Saint John, Halifax and Sydney.

The CHAIRMAN: Are there any further questions?

Mr. HONEY: I wonder if you could tell me what is the federal appropriation to cover the retail inspection in the provinces in which it is being done?

Mr. CLEMENTS: By provinces?

Mr. HONEY: No, not by provinces; the total.

Mr. CLEMENTS: Just a little over \$800,000.

Mr. HONEY: I appreciate that this is probably in the policy field, but I wondered if you could tell me the philosophy, or the thinking, of the federal authorities behind the decision to expend funds to perform what is pretty obviously a provincial responsibility.

Mr. WILLIAMS: If I might answer that, Mr. Honey, under our Agriculture Standard Products Act we establish national grades. These national grades,

under our constitution, are enforceable only if the product crosses a provincial boundary. I think that it has been accepted that national grades are in the national interest. Therefore, if the product does not cross provincial boundaries it does not, in effect, have to have a federal grade—and let us take eggs as an example. Almost without exception, across all the products all the provinces have passed concurrent legislation which has established our national grade as their provincial grade.

We believe that it is in our interests to ensure that the grade standards, while they are national and while we cannot enforce them if the product does not leave the province—we believe that it is essential, or possibly beneficial is a better word, that we enforce them within the province as well as at provincial and export boundaries.

Therefore, when we are in the province, while we are drawing on provincial authority, we are enforcing our own grade. The grade standards we are looking for in general are for Canada grade A large eggs; or for Canada No. 1 butter; or Canada fancy apples.

In general, we do not inspect if it is strictly a provincial grade. Now, that is not quite true; we have certain agreements in certain areas where there is not complete coverage or where we may not have national grades. But right across the whole story of agricultural products, this basically is the reason why we consider it is very much in the national interest for us to conduct retail inspections.

Mr. HONEY: Where the provinces have established provincial grades—and I gather that most provinces have; is this the case?

Mr. WILLIAMS: Most provinces have a provincial grade but it is the federal grade. They have named the federal grade as their provincial grade.

Mr. HONEY: They are in keeping with the federal—

Mr. WILLIAMS: Yes. That is right.

The CHAIRMAN: Are there any further questions on that?

Mr. ASSELIN (*Richmond-Wolfe*): How many more inspectors will you require if Quebec has accepted this? How many more inspectors would you require?

Mr. WILLIAMS: Twenty-four I am told.

Mr. ASSELIN (*Richmond-Wolfe*): What qualifications would you look for in the man that you would hire as an inspector?

Mr. CLEMENTS: Basic education, having completed Grade X, according to the provincial standards; with some experience in the handling of one or other of the commodity groups, because obviously a man does not know all of them. If he knows, for example, poultry and eggs and he can qualify on that we are prepared to teach him the dairy, and the fruit and vegetables and everything else. We have to do this. By and large, in the supervisory control, the district supervisor would be a university graduate, well versed in these commodity groups; but in the case of the working level inspector the only requirement is completed grade X plus some experience.



● (11.00 a.m.)

Mr. WILLIAMS: I might say, in explanation to members of the Committee, that the general service division performs another function which is not fully outlined here. Where there is a problem of overload in any particular area we follow a policy of diverting retail inspectors to assist specific divisional inspectors. If, for example, during the apple harvest season in B.C. more inspectors are needed by the fruit and vegetable division, the general service division is used as an overload.

In addition to that, they perform a very valuable service, as far as the branch is concerned, as a training area. They run our training programs because they have this very wide contact.

Mr. ASSELIN (*Richmond-Wolfe*): I was just going to ask if Quebec have their own inspectors of this kind.

Mr. CLEMENTS: I believe they have, yes. I understand that the arrangement made is that if we set up retail inspection in Montreal and Quebec city, the province will withdraw their staff who may be presently occupied on that and use them elsewhere for some other purposes.

Mr. ASSELIN (*Richmond-Wolfe*): Maybe.

Mr. CLEMENTS: Well, yes, I guess. We have heard about that.

Mr. HONEY: Mr. Chairman, I have just one short question before we leave this consumer section. I noticed that the province of Ontario—and I am sorry I do not know which department of the province—is promoting a series of recipes for distinctive Canadian dishes to celebrate our centennial. I am wondering if the consumers' section of your department is doing anything along that line for centennial year.

Mr. CLEMENTS: Sir, I am not prepared to state whether I agree with you or not about the province of Ontario. I do know that our own girls are now preparing a centennial recipe booklet.

Mr. WILLIAMS: It is a national one, and has been in the plans for over two years now.

Mr. HONEY: A hundred recipes?

Mr. WILLIAMS: I do not know the number of recipes. It will probably be divisible by a hundred anyway.

Mr. HONEY: Would there be an opportunity for this Committee to sample these before they are put out?

Mr. CLEMENTS: I presume there may, if it is the wish of the Committee. We will set up a taste panel for you!

(Translation)

Mr. CLERMONT: In regard to the Consumer services, Mr. Chairman, have these recipes been made available to the public, to restaurants? You mentioned you are in touch with the editors of consumer magazines, with radio, television and newspaper commentators.

(English)

Mr. WILLIAMS: We have a supply of booklets put out by our consumer section, available both to the public and, to a much lesser degree, however, to

restaurants, but we are at the present time working within our consumers' section on the development of what they call institutional recipes.

We do have numerous booklets available to the consumer, and these are all listed in various publications put out by the Queen's Printer in respect to what publications are available, and they are sent to consumers and given to groups and so forth on request.

There are some which are sold. For example, there are several fairly large recipe books on cooking meats and things of this nature for which there is a charge.

(Translation)

Mr. CLERMONT: And radio and television people inform the public?

(English)

Mr. WILLIAMS: Yes; our consumers' section is involved in regular television programs.

In addition to that we have a regular wire service where they put out various recordings which go to radio stations. There is also at least one monthly publication which goes out, called "The Food Basket", which is put out by the consumers section. That goes to food editors and various mass media outlets right across the country.

Mr. RICARD: Are those recipe booklets available to members in any number?

Mr. WILLIAMS: Subject to the regulations of the Queen's Printer, yes, sir.

The CHAIRMAN: Are there any further questions?

There is one topic which I do not feel we have covered adequately here at all, and on which we have never had the person who is in charge of this department before the Committee. This is the one on the fruit and vegetable division, grading of agricultural products. We have never covered the fruit and vegetable division.

Mr. Eardley has been here several days, and I think it would be wise if we had Mr. Eardley appear before the Committee before we proceed.

This may seem highly irregular to the group but I have no recollection—and my book is not marked—that we covered all the fruit and vegetable division as far as I am concerned. I would think it would be fair, when Mr. Eardley is here, that if anyone has any questions now would be a good time to put them so that we can have Mr. Eardley answer them.

I hope you understand what the division does in the fruit and vegetable producing areas of Canada. It is one of the most important and one of the departments that they look to for assistance. It starts right on page one actually.

Are there any questions concerning this?

Mr. Eardley, would you care to make a brief statement on just what your department does, and what you do as head of your division?

Mr. EARDLEY: Basically our division is divided into three sections. There are the products section, the processed products section and there is a merchandising and licensing section.

In the products section we are responsible for the administration of the various standards for fresh fruits and vegetables. We carry on, jointly with industry and provincial departments, experimental testing of packages, trial grades, etc.

In the processed products section we operate pretty well on the same line, but with processed products which include canned, frozen, dehydrated fruits and vegetables, honey and maple products.

The merchandising and licensing section is the liaison section which works with the departmental information section in disseminating information about crops, crop prospects, market conditions, etc. The licensing function is the licensing of all international and interprovincial dealers or brokers in fruits and vegetables. This sets up what might be called a code of ethics for the industry, and also provides a board of arbitration to which disputes between shipper and receiver can be referred.

In very, very broad terms, Mr. Chairman, that is the function of the division.

The CHAIRMAN: One question before any of the members ask a question: Do you have control over the packaging of products? Is this worked out with the importers and exporters and the industry?

Mr. EARDLEY: The package regulations in the Canada Agriculture Products Standards Act were developed in very, very close co-operation with the industry, both the producing element and the distributing element, and with the provincial department. It was actually done through the Canadian Horticultural Council. All these segments of the industry are represented there and the list of containers that went into the regulations last fall were the result of some or three or four years' discussion and co-operative work between these agencies.

Mr. ALKENBRACK: When you speak of your duties and powers regarding the licensing of all international deals in fruit and vegetables, it brings to my mind a sore point with me in my riding. We are in the Prince Edward portion of Prince Edward-Lennox. That county produces what I believe to be the finest Montmorency cherries produced anywhere on the continent, but the Michigan cherries are always about a week or ten days ahead of ours. The result is that, because of a favourable tariff, Michigan cherries are readily brought into Canada at their early sequence. When ours become ripe western Ontario has plenty of Michigan cherries and ours go begging for markets. I find that the duty on Michigan cherries coming into Ontario is only about three cents a pound, whereas the duty on our cherries going into Michigan, if they did—if Michigan people would buy our cherries—is twenty cents a pound. The duty wall against our cherries is seven times the height of our wall against theirs. I do not think that is fair.

There is another unpleasant aspect of this situation. The Department of Agriculture has to subsidize our cherry producers—or has done so in the past two years—to keep the price up. You are probably better acquainted with this than I am. This is only the result of some investigations I have made, and I do not have all the information.

Mr. EARDLEY: Of course, when I refer to licensing for interprovincial and international trade I am thinking strictly of licensing to permit you to operate. In other words, they would permit a Canadian apple producer to ship apples to the States, or an importer to bring in apples from the States.



The question of the tariff is, of course, something completely foreign to this division.

Mr. ALKENBRACK: Could your department not look into this great disparity in the duties? You would be doing the Montmorency cherry-producers of this country a great favour, if you would; because every year I get complaints from them.

I raised the question in the House last summer, to no avail, and I just raise it in the Committee as a point of real interest.

Mr. WILLIAMS: In reply to your specific question about whether the department would look into this matter, the Minister and the Department will be meeting with the cherry-producers' representatives on the 22nd of this month. The purpose of this meeting will be to discuss this and related matters.

There is one point which Mr. Whelan has brought to my attention, which is that in recent years there has been only one year that the cherry-growers of Canada have been subsidized by the federal government under the Agricultural Stabilization Act.

Mr. ALKENBRACK: Yes. I just took the liberty of saying it, too, because I did ask the Honourable Harry Hays last summer if they were going to support us again, and I thought I got an affirmative answer, but now it is revealed they did not do so.

● (11.15 a.m.)

The CHAIRMAN: Are there any further questions on the fruit and vegetable division?

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, I just wanted to ask about maple syrup. What do you do in the line of maple syrup, especially in Quebec?

Mr. EARDLEY: At the moment, unfortunately, the Act under which we operate is somewhat limited, and it covers almost entirely the question of prohibition against adulteration, and marking requirements for colourable imitations.

We are, however, at the moment actively working on a new set of regulations to cover the maple industry, and, of course, this is located possibly ninety percent in the province of Quebec. We are doing this in collaboration with the provincial department. We have already started.

Mr. PUGH: Do additives in the processing industry come within your purview?

Mr. EARDLEY: By colouring, you mean—?

Mr. PUGH: Additives; is it under National Revenue—the term “additives”?

Mr. EARDLEY: We have certain requirements in our standards regarding additives, regarding colouring material, etc., but these are almost entirely a reprint from Food and Drug regulations.

Mr. PUGH: I was thinking along the other line, that possibly it may be some other department within agriculture, I am thinking specifically of processed apricots, and where you have a finished product where there is no additive you are excluded from certain sales tax. With apricots, even though they are in the pure state, you must pay these sales taxes even though only pure water is added to the apricots.

Mr. EARDLEY: This is more connected with National Revenue and with Food and Drug actually than ourselves; but I believe the problem at the moment of trying to solve that question of reconstituted juices, and this sort of thing, is that no one has ever yet been able to come up with an adequate means of analyzing them to determine whether too much water is being added, or anything else like that. If they ever come up with such a test, I understand that the problem will be ninety percent solved.

Mr. PUGH: With apricots, of course, you cannot pulp them unless you extract the water, and once you have pulped them you cannot use them for further processing, or putting in beverage form, or any other thing, unless you do add water, and put back the water which you took out. The Department of National Revenue, or Finance, I should imagine, have termed this an additive over a certain percentage, and, therefore, subject to the sales tax in the finished product.

To my mind it is extremely wrong, but I was just wondering if I should be asking my questions later on in the hearing?

Mr. WILLIAMS: This is not a ruling which comes under the Department of Agriculture at all.

Mr. CLEMENTS: It is under Food and Drugs.

Mr. PUGH: It is a fair question then, sir, to ask: Would the Department of Agriculture sort of be behind the getting rid of this—as I consider it—most unjust tax, or this unjust interpretation?

Mr. WILLIAMS: All I can say, sir, is that the Department of Agriculture has been working, and continues to work, with Revenue and with Finance in an endeavour to solve this problem, which is an analytical problem rather than a philosophical problem, I think.

Mr. PUGH: Yes. I believe that the chief trouble lies in that too many people—and I am talking about manufacturers—too many people want to get into the act and make sure that whatever form that is finally decided on will be one which will be acceptable and include them.

Getting back to costs again this is a pure water additive and nothing else; there is no carbonation, no colouring, nothing else. I am glad I have your support anyway.

Mr. EARDLEY: It applies to all the reconstituted concentrates.

Mr. HONEY: Mr. Chairman, in answer to a question by Mr. Asselin, Mr. Eardley mentioned a review of the maple products act, or the regulations under the act.

Is there any concern in that industry about the imitation maple syrup and other maple products that are on the market? Is it a matter of concern to the industry and to the department?

Mr. EARDLEY: It is a matter of great concern to the department and I am sure to the industry.

From time to time we have been successful in prosecutions in court. It is not the easiest thing to run down, because there might be quite something on the market which is an exceptionally good product taste-wise and which can deceive a lot of people. But in every case where we hear of an adulterated maple syrup we follow it through very vigorously. In the last couple of years a

system has been developed whereby our fellows in the field can quite readily determine whether or not there is any maple syrup in a syrup.

Mr. HONEY: I was not thinking so much of adulteration as I was of imitation. I am talking about imitation maple syrup.

I may be incorrect in this, but I believe I have seen products in the stores labelled "maple syrup", and the label indicates, on closer examination, that it is corn syrup with maple flavouring.

Mr. EARDLEY: It should not say "maple syrup".

Mr. HONEY: Pardon me?

Mr. EARDLEY: They cannot use the word "maple" unless it is a pure maple product. If it is a colourable imitation then it is a syrup.

Mr. HONEY: In other words, the word "maple" may not be used. Is that correct?

Mr. EARDLEY: That is correct.

Mr. ASSELIN (*Richmond-Wolfe*): Do you have any control over any maple product such as syrup which is imported?

Mr. EARDLEY: It has to be pure maple syrup. It is subject to the same rules and regulations. In the States, of course, they permit the mixing of cane and maple. It is quite legal there. That is not imported.

Mr. ASSELIN (*Richmond-Wolfe*): Which is not supposed to be sold in Canada.

Mr. EARDLEY: That is right.

The CHAIRMAN: Does anyone have any further questions of Mr. Eardley.

(Translation)

Mr. MATTE: When you have these dehydrated juices where you have replaced the water by certain juices, can you mark them "pure juice, pure orange juice", on the bottle?

(English)

Mr. EARDLEY: I would say offhand, no; but I would not want to be emphatic on that without reference to the regulations.

The CHAIRMAN: Are there any further questions?

Mr. Williams informs me that they will obtain an answer for you, Mr. Matte.

If there are no further questions, I would thank you, Mr. Eardley, and we will move on to the Agricultural Stabilization Board.

Mr. RAPP: Mr. Chairman, I would like to get some explanation on the matter of calculating the support prices and also, particularly, on two products, that is, eggs and hogs. How are these deficiency payments arrived at, or how are they calculated? I would like to get this information.

Mr. CLEMENTS: I will deal first with the method of calculating the support level. The support level, under the Act, must be a function of the ten year price or base period.

The Agricultural Stabilization Board maintains records of the national average prices received by producers for the various products that are under mandatory support.



Each year for the mandatory products the board reviews the entire situation, calls on various expert witnesses from the divisions, from the economics branch, or from wherever they may wish. The board consults with its advisory committee and reaches a decision as to the level of support that it is prepared to recommend to the governor in council.

Mr. RAPP: This is done, then, Mr. Chairman, on a national basis. Deficiency payments, when they are calculated, are also on a national basis and not on a regional basis.

Mr. CLEMENTS: That is correct.

Mr. RAPP: Would not there be some justice to some regions—by “regions” I do not mean just a province or two; but, we will say, the eastern region, or the western region, or the prairie region—would it not be unfair to some of these regions where the average price is always low, or the initial price is always low? In some other areas the prices are much higher. As the result of this averaging, for instance, the prairie region always gets a very small payment while the basic or regional price was much lower than in some other regions. I think this is unfair to the producers. For instance, on eggs particularly, the prairie region prices are almost chained to twelve cents lower than in the western region or in the eastern region.

Mr. CLEMENTS: The board has conducted several studies, or had our economics branch conduct several studies, on this matter.

There are two approaches to it, I think. The first of these, if you are to have regional support, is to say that the national support level—and we will take eggs which at the present moment are 34 cents a dozen for the first 4,000 dozen—that the national support price should be applied on a regional basis. This would mean that the board would collect records. Let us take, for example, eastern Canada and the prairie provinces. We will not talk of necessity about provinces we will talk about broader regions than provinces. Let us say at the end of that time the records indicated that in eastern Canada the average price of eggs was 34 cents, and in the prairie provinces was 24 cents. The board would then make a deficiency payment of 10 cents per dozen in the prairie provinces.

This, of course, would bring the prairie provinces average price up to eastern Canada's average price. In general, there has been over the years a differential in price between these two markets.

If the board were to take this position and pay deficiency payments by regions, any region that overproduced, and thereby forced its price down, would be subsidized in so doing. It would then, presumably, push its eggs, its overproduction—I am talking not in any particular year but in subsequent years—it would then have to sell these eggs into a region that was not overproducing—in other words, where the egg price had stayed up; and I am sure that the Agricultural Stabilization Board and the government of Canada would then be accused of much greater unfairness than might be occasioned by the administering of this on a national basis.

The other approach would be to apply the national percentage of support. In other words, our support level of 34 cents—I do not recall at the present moment; I could tell you in a second—is, I believe, 93 per cent of the base price. We could establish base prices for regions. We could take the prairie region and, say, establish a base price for them, and establish a base price for the provinces

of Ontario and Quebec or for eastern Canada or for Newfoundland, or anything at all.

We could establish a base price for this, and we could say that our support level is 93 percent, in this hypothetical example I am giving, of the base price in the prairie provinces and in Ontario. We have done quite extensive work on this. This would mean that, for example, the 93 per cent of the base price in the prairie provinces would be 24 cents, and the 93 per cent in Ontario and Quebec would be 34 cents. Once again, this is a hypothetical example.

The work that we have done over the past years would indicate that, on the average, year after year, such an approach would be of no benefit to producers. In other words, the basic relationship between egg prices in the various regions across Canada is unchanged, on the long-term basis. I will not argue with anybody that in any particular year there may be quite wide differences. These are associated with production and marketing and consumption patterns within the district within that year.

I think we have run into another problem here, too, in respect of regional support, and that is the question of defining regions. The easy thing, of course, is to take provinces, but marketing does not respect provincial boundaries. I think we have another problem that is closely allied to that. If a regional price support is philosophically good for a gross region, then I am quite sure there would be extreme difficulty in resisting the idea of proliferation of these regions. In other words, I think it is quite true that a national weighted average represents quite accurately the price that producers in Canada have received nationally for their products. I am not at all sure that that same statement holds true once you start subdividing Canada in any way, shape or form—we will say the prairie regions, for example. Any time there is a surplus the price they receive in the prairies may not be indicative of their actual price, because the surplus will be moved to Ontario, or Quebec, or to B.C.

All I am saying really is that while a national weighted average price probably is very accurate in respect of the country as a whole, I do not think we could make the same argument in respect of any type of a regional price.

Mr. RAPP: Mr. Chairman, for instance, last year the average price was 34 cents.

Mr. WILLIAMS: The support level service?

Mr. RAPP: Yes, that is right. It was two cents per dozen.

Mr. WILLIAMS: 4.6 I think, was it not? I will check it in a moment, but I believe it was 4.6 cents deficiency payment. The year before it was two cents.

Mr. RAPP: At any rate, at the time when we received two cents deficiency payment our price in the prairie region over the year averaged about 28½ cents per dozen, the price that the producer received, which meant that two cents brought it up to only 30½ cents, while in other regions—the western region and the eastern region—some of the prices there during the year were as high as 38 cents. They also received only two cents, which brought their average up over the current year to 40 cents per dozen.

This, in my opinion, is unfair because the cost, as far as feed is concerned, is almost the same in one region as it is in the other; transportation is not very much different in one region from what it is in other regions; but, nevertheless, if it is done on a national basis I think some regions get the short end of the deal.

Mr. WILLIAMS: Well, I think, sir, this is quite comparable to the situation with respect to the Canadian Wheat Board, is it not?

Mr. RAPP: No.

Mr. WILLIAMS: Each producer gets a different initial price, depending upon his region. He then gets an identical—

Mr. RAPP: No, no; we get all the same price except that our freight rate may be different.

Mr. WILLIAMS: Is this not the same principle, sir, that, depending upon your location, you get a different initial price. The egg producer, depending upon his location and his market opportunities, may get a different initial price, but their final payment is identical across it. I think you can compare the egg situation and the wheat situation quite closely.

Mr. RAPP: I cannot agree with you on that point for the simple reason that the price is set the same, except where it is farther away from the delivery point and so on, when there is a difference in the freight rates. Some deficiency payments are higher and some are lower; and it depends, too, on the grade—on the kind of grade.

To be fair to all producers of eggs and hogs particularly, if it were done on a regional basis it would be much more justified than as it is done at the present time. This is exactly why these areas complain so much, because it is based on a national average where it should have been on a regional average, and the deficiency payment should be made on that basis.

Although I accept your explanation, I believe I have received this explanation more than once from the Minister of Agriculture.

The CHAIRMAN: Did you want to say any more, Mr. Williams at this stage?

Mr. Forbes is next.

Mr. FORBES: I think there is one feature of the Act which the Department is losing sight of and that is the preamble to the Act which states that the price paid for the product would bear a fair relationship to the cost of production. I think this is what is bothering my colleague here, and it bothers all the producers of eggs and hogs and cattle in western Canada.

I will just leave that egg business as it is, because I think you have a fair explanation. However, I think that this should be kept in mind and something should be worked out regarding a regional payment.

With respect to hogs? You have based the price of cattle and hogs and so on, on Toronto. Do you think that this is fair, in view of the fact that out of 736,110 hogs that were graded in Manitoba plants, only 206 hogs ever went to Ontario at all? In other words, is this slice of pork not worth just as much to the consumer in Manitoba, in Winnipeg, or Saskatoon, as it is in Toronto?

Mr. WILLIAMS: I am not quite sure what you mean, sir, when you say we have based our price on Toronto. Our national weighted average for hogs is based on a report, which we get on a weekly basis from every major marketing centre across Canada, on the cost of grade "A" hogs, including all costs delivered to plants at all those centres. I cannot give you the number offhand, but I believe there are about nine centres involved in the determination of our national weighted average price and our base price for hogs.



Mr. FORBES: I have been following this thing through since 1960. In 1960 your prices were about  $2\frac{1}{4}$  cents a pound lower at Winnipeg than they were at Toronto. I just got these figures a couple of days ago, I have not worked it out yet. However, the price of hogs has been so much above the floor price that nobody is particularly concerned about it; but this is the base on which you establish your price; is that not right?

Mr. WILLIAMS: Yes, but it is a weighted average; weighted by prices and marketing at these centres right across Canada. I am talking about our stabilization price. There are certainly differentials in prices of hogs across the country, but in arriving at our support level, that is to say, our base price and our national weighted average price, it is an average weighted by deliveries and by locations, and represents to the best of our ability, a true average of the price received by producers for their grade "A" hogs delivered to plants right across Canada.

Mr. FORBES: My complaint is directly in relation to your basic price, not the deficiency payments. I do not recall that there has ever been a deficiency payment made on hogs, but your base price over the years has been established about two or two and a half cents less at Winnipeg than it is at Toronto. In view of the few hogs that are shipped to Toronto I cannot see that this is a fair basis of establishing the base price.

Mr. WILLIAMS: I am not quite sure if we are talking on the same point, sir, but certainly our base price is not a Toronto price.

When we were purchasing hogs that was a different story. Hogs were purchased, or cuts were purchased, with a base price Toronto, with what the board was pleased to call suitable differentials for other centres across Canada. Under the deficiency payment program, though, that is not the case. The base price and our national weighted average is a true national average.

Mr. FORBES: What do you mean when you say that when you were purchasing hogs you had a price differential? Did you ever purchase hogs?

Mr. WILLIAMS: Oh, yes. We purchased hogs or parts of hogs in very large numbers.

Mr. FORBES: And the price was two or two and a half cents lower in Toronto than it was in Winnipeg? Is that right?

Mr. WILLIAMS: Lower in Winnipeg than it was in Toronto?

Mr. FORBES: Yes, that is right. This is my complaint. Why should the basic price be lower in Winnipeg than it is in Toronto, in view of the fact that our hogs do not go to Toronto at all other than as I said before, that out of 736,110 hogs only 206 ever went to Ontario.

Mr. WILLIAMS: The board has not purchased any hogs or parts of hogs since 1958. I believe that was the last purchase, or it might have been 1959—but I think it was 1958—and at that time the differential that was established by the board for its purchases between the various markets represented an average differential that had been in existence in the previous year when the board was not in the business. In other words, it represented what at that time was considered to be a normal differential.

The board changes its policy in respect of this. For example, in butter the board's buying and selling price for butter in the western provinces previously

was discounted by the cost of moving butter from western centres to eastern Canada; but there was a trade in butter at that time. This situation has now changed and this year the board removed those differentials because butter is no longer moving.

The board tries to adjust for these things as they happen, as they are changing patterns of marketing. I think our major concern is that our operations do not disrupt normal trade patterns. We try to conform with this but I can assure you that it is very difficult at times to do so.

Mr. FORBES: Would you say, then, that at the present time there is about a cent differential between Winnipeg and Toronto? Would you say that if the government were entering this market today this would be the differential about a cent?

Mr. WILLIAMS: This is a hypothetical question so I am sure you will appreciate I will have to give you a hypothetical answer. I would think that if the board were to offer to purchase hogs tomorrow we would endeavour to arrive at some reasonably long-term average of the differentials between markets if it was considered necessary to impose a differential. The board, as I say, has changed this from time to time. I mentioned the butter.

We made a change when there was a change in marketing patterns in respect of lambs in the maritime provinces. Lambs used to move into central Canada from the maritime provinces. When that movement appeared to be discontinued the board removed its differential. I cannot answer categorically, but I would think that we would not use—all I am saying is that I think we would not use—a differential that happened to be present at the moment we went into the business. We would try to look at a longer average and try to look at what possibly the future pattern might be. If it appeared that the trade had completely dried up, I think that we would probably tend not to impose any differential.

● (11.45 a.m.)

Mr. FORBES: This is what I have been trying to establish—your basis of operation in the event of this.

I have one more question and this is with respect to the floor price on cattle. I tried to get this in some time ago and somebody said I was out of order. Probably this is the proper place for it. I understand you have a floor price on cattle, but you have no way of implementing this price. Is this correct?

Mr. WILLIAMS: At the present time we have a floor price on cattle. When you say we have no way, we have no program at the present moment; that is correct.

I can assure you we would be very, very hard pressed were the price to drop below the level. I can also assure you that we have to find a way. The law says we have to.

Mr. FORBES: Yes; but it might be too late. By this time, if farmers lost ten dollars a head on cattle, this would amount to a terrific amount of money. You have no way of implementing this to save the situation in view of the preamble to your Act, or the Act itself. I think we should find some method of regulation whereby the minute an animal dropped to this \$18.60, I believe it is, the stabilization price would immediately come into effect.

Mr. WILLIAMS: I am afraid, sir, that we do not in general at the present time subscribe to the thinking that if one animal dropped to the support level we should be in business. I know that there are a lot of people who think that we should.

The difficulty here is that, if we try to operate this on an individual animal, or an individual farmer, or a very small location, once you get close to the support level there is no longer any incentive for the seller to bargain, or for the buyer to try and put his price up.

We were in lamb purchases for a long time. It was a poor operation. That is all I can say about it. We used to buy lambs. We had an offer to purchase. We used to buy them and we used to freeze them and sell them on the market as frozen lamb because of the drop at the time of year we bought them. There was no use buying them and offering them right back as fresh lambs.

The difficulty here, of course, is that anybody who is selling anything finds it much easier to sell it to the government than to a bunch of hardboiled chain store buyers. You do not need to have any salesmen on the road once the Agricultural Stabilization board has issued an offer to purchase. Therefore, once the price tends to approach the support level it very often takes a very big drop right to the support level, and everybody takes the position, "Well, here is the government offering to purchase this and we can sell it to them at a very greatly reduced cost in terms of selling."

Let me go back to lambs for a moment. The board was concerned about this; organizations were concerned about this; and we negotiated with the various organizations concerned and we went to a deficiency payment program for lambs. Since the day we changed from an offer to purchase to a deficiency payment we have not had to spend one dollar of the taxpayer's money in the support of lamb, and the producers of Canada have averaged considerably more in terms of returns for their lambs.

In other words, an incentive was put on the people responsible for marketing right through. I am not talking about any particular segment, but people tend to bargain a lot harder if they know that somebody is not standing by to pick up the tab in the event that their negotiation, or bargaining, falls down. This is where we have the difficulty in respect of most of these support programs, where they are on an offer to purchase.

Mr. FORBES: Yes; but the thing is that over the years farmers have lost a lot of money by this up-and-down market. We have endeavoured, and we thought we had the Stabilization Act, to establish a grade basis on which there would be a price fixed. Today we have not got this at all as far as cattle are concerned.

It may be that we need something in the form of a board of livestock commissioners with a man capable—and we have men who are so qualified—of judging an animal and saying "This is grade 1 or 2 or 3," and saying "This is a grade of animal that must not sell below a certain price." This is something we should be leading up to I think, because people have taken a loss on cattle. I used to ship some cattle. I know a little about it, and as a producer I know a little about it. There are times when it can happen that farmers have taken a terrific loss on their livestock. This could be avoided if we had a proper system of grading and marketing, and this is what we were hoping to lead up to through the Stabilization Act. This is why I bring it to your attention.



Mr. RAPP: Mr. Chairman, I have a supplementary question. Since the prairie regions are the only ones which got a short deal from the Stabilization board I might suggest that the prairie region should maybe be paid a separate price, as they do here in the east with milk. We will say that they get \$4.00 a ton, or whatever it is. I think this would be the best method; because, as I say, every year when the deficiency payments are made the prairie region gets the short end of the deal. By paying a direct, fixed price to the producers who have these eggs, and perhaps even hogs—well, I would not say hogs—but the chicken farmers out there should get a fixed price for their eggs.

Mr. WILLIAMS: I am sure, sir, that the sugar beet growers in western Canada would be upset by that. Sugar beet growers in western Canada are in exactly the same position, vis-à-vis the east, as egg producers in western Canada are vis-à-vis the east. Here it is simply a question that the sugar beet growers in western Canada have the price protection that the eastern egg producers have against western eggs. The sugar beet growers in western Canada have the freight protection against eastern sugar—not necessarily sugar grown in eastern Canada; I am talking about imported sugar here—and, thus, the deficiency payment program, being administered on a national basis, works possibly to their advantage as much as it works to the disadvantage of the egg-producers in the prairie provinces.

Once again, this brings me back to the point I made earlier, that our programs are designed not to disrupt normal trading patterns.

The CHAIRMAN: I just want to make one comment, Mr. Rapp. You should be in Ontario and eastern Canada if you think they are all satisfied with deficiency payments in eastern Canada and that western Canada are the only ones who get the short end.

(Translation)

Mr. CLERMONT: Mr. Chairman, the member who spoke before, said of the Western farmers that they would like certain things. You know that the farmers in Eastern Canada would like to buy their feed grain on the same basis as Western farmers do. It is not possible; it must be bought through the Canadian Wheat Board.

In any case, this is my last question: under the Agriculture Prices Stabilization Act of 1959, has there been any change in the rule considering the national average? It is the same thing, is it not?

Has there been any change in regulations governing national average when the stabilization board was set up in 1959? The prices were on a national average in 1959, there has been no change?

(English)

Mr. WILLIAMS: No; there have been no changes in it. The base price changes annually.

Mr. CLERMONT: I know that; but the regulations did not change. In 1959 when this legislation was passed it was on a national average as it is today to establish your—

Mr. WILLIAMS: The question of the national average is not inherent in the Act itself. There is nothing in the Act that says that it has to be on a national

basis. In other words, all I am saying is that it is a policy decision; it is not governed by the Act.

Mr. CLERMONT: It could be changed without an Act of Parliament?

Mr. WILLIAMS: That is correct, sir.

*(Translation)*

Mr. CLERMONT: Another question, Mr. Chairman. There are agricultural products that are named or classified, there are others the Governor in Council may designate. For the years 1966-67, will the Governor in Council be increasing the list of designated products?

*(English)*

Mr. WILLIAMS: Yes; there are quite a few designated products for the current year. I am afraid that I would have to get a list to consult. Sugar beets—

Mr. CLERMONT: Could you supply that list to the members at the next meeting?

Mr. WILLIAMS: Very definitely; it will be a very short list. I could give it verbally.

Were you asking, sir, for 1966-67, or for previous years?

Mr. CLERMONT: No, for the current year.

Mr. WILLIAMS: All I can give are what are in effect at the present moment. The question of cherries was raised. Who knows but that there might be a program for cherries.

Mr. CLERMONT: I know. But what is established right now?

Mr. WILLIAMS: There is another point here, I think, that, for example, under the dairy support program, for technical reasons we have to list as designated products certain products that form part of the dairy support program. They are called designated products because we have only two products under the Act that are mandatory; these are butter and cheese. Yet we are supporting milk, for example. Milk is a designated program in so far as this Act is concerned.

I will provide a list tomorrow morning.

*(Translation)*

Mr. CLERMONT: Mr. Chairman, could Mr. Williams tell us what was the butter inventory as of March 31, 1966? We have been given information that seems to indicate a 20 million pounds difference, in 1965, between consumption and production.

*(English)*

Mr. WILLIAMS: Are you speaking, sir, about the board's holdings of butter, or total stocks in the country.

Mr. CLERMONT: Is not the board buying all the butter?

Mr. WILLIAMS: No, not at that time of year. We only buy the butter that is offered to us. In general, there is somewhere between ten and twenty million pounds in the country that is not owned by the board at any particular time.

Mr. CLERMONT: I would be interested to find out the full quantity in the board and/or—

Mr. WILLIAMS: As of the 31st of March of this year?

Mr. CLERMONT: Yes.

Mr. WILLIAMS: Fine, sir.

The CHAIRMAN: We will adjourn the meeting now until tomorrow morning at nine thirty in this same room.

Mr. CLERMONT: Will you leave my name on, sir, for another question?

The CHAIRMAN: Yes. Mr. Watson's name is next to Mr. Clermont, and Mr. Asselin will be next in order.



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OF  
PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

# Agriculture, Forestry and Rural Development

*Chairman: Mr. EUGENE WHELAN*

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

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Respecting

Estimates (1966-67) of the Department of Agriculture

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FRIDAY, JUNE 10, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. W. R. Bird, Director, Crop Insurance.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin	Mr. Herridge,	Mr. Peters,
( <i>Richmond-Wolfe</i> ),	Mr. Honey,	Mr. Pugh,
Mr. Beer,	Mr. Hopkins,	Mr. Rapp,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Ricard,
Mr. Choquette,	Mr. Johnston,	Mr. Roxburgh,
Mr. Clermont,	Mr. Jorgenson,	Mr. Schreyer,
Mr. Comtois,	Mr. Lefebvre,	Mr. Stafford,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stefanson,
Mr. Danforth,	Mr. Madill,	Mr. Tucker,
Mr. Éthier,	Mr. Matte,	Mr. Watson ( <i>Assiniboia</i> );
Mr. Faulkner,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	<i>guay-Huntingdon-</i>
Mr. Gauthier,	Mr. Neveu,	<i>Laprairie</i> );
Mr. Gendron,	Mr. Noble,	Mr. Yanakis—45.
Mr. Godin,	Mr. Nowlan,	
Mr. Grills,	Mr. Olson,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

CORRIGENDUM (English copy only)

MINUTES OF PROCEEDINGS AND EVIDENCE No. 5 —Friday, May 6, 1966

*In the Evidence—Page 143, Line 31 should read:*

“Mr. Pugh: ...”, rather than “Mr. Schreyer: ...”



## MINUTES OF PROCEEDINGS

FRIDAY, June 10, 1966.  
(18)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:55 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Berger, Choquette, Clermont, Comtois, Crossman, Danforth, Ethier, Forbes, Gauthier, Laverdière, Lefebvre, Madill, Muir (*Lisgar*), Neveu, Peters, Pugh, Rapp, Ricard, Roxburgh, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis—(24).

*Also present:* Mr. McLelland.

*In attendance:* From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. J. S. Parker, Director General, Departmental Administration; Mr. W. R. Bird, Director, Crop Insurance.

Mr. Pugh asked leave of the Committee to make a correction in the Minutes of Proceedings and Evidence of Friday, May 6, 1966, issue No. 5. At page 143, line 31 should read "*Mr. Pugh:*"....

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

Mr. Williams of the Department of Agriculture answered two questions raised by Mr. Clermont at a prior meeting on

1. Butter stocks in Canada,
2. Number of commodities other than mandatory commodities under support.

At 11:00 o'clock a.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to 9:30 o'clock a.m., Tuesday, June 14, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, June 10, 1966

● (9.45 a.m.)

The CHAIRMAN: We will now bring the meeting to order. Mr. Pugh is desirous of having the floor.

Mr. Williams would like to answer a question that was asked previously.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Department of Agriculture*): There were two specific questions on the Stabilization Act which were asked and on which I indicated I would obtain a reply for today. The first of these was concerned with the butter stocks as at March 31, 1966. The total butter stocks in Canada were 37.1 million pounds of which the Agricultural Stabilization Board held 9.1 million pounds.

There was also a question asked concerning the number of commodities, other than mandatory commodities, that were presently under support. At the present moment there are two commodities, other than the nine mandatory commodities, under support. These are milk for manufacturing purposes and sugar beets. Since the act was instituted, there has been a total of 17 separate commodities, other than mandatory commodities, supported under the act.

Mr. MUIR (*Lisgar*): Mr. Chairman, are sunflowers not supported any more?

Mr. WILLIAMS: Not at the present moment; there is not an active program for sunflowers, but they have been supported in previous years.

Mr. MUIR (*Lisgar*): But it has never cost the government anything for sunflowers, has it?

Mr. WILLIAMS: Yes, payments have been made. On sunflowers a total of \$44,377 has been paid out.

Mr. MUIR (*Lisgar*): Was that up to 4.25 at the time?

Mr. WILLIAMS: I think it was 4.25 cents per pound for sunflowers for crushing purposes.

Mr. MUIR (*Lisgar*): The other question I would like to ask is would you consider the butter stocks to be fairly low in regard to consumer demand?

Mr. WILLIAMS: At March 31, 1966 the stocks are the lowest they are at any time in the year. Since that time, our stocks have increased considerably. At this moment it is impossible to predict what the picture will be. Certainly, at the present time, there is no shortage of butter, because the board is buying butter and buying it quite heavily. Our purchases this year have been considerably higher than they were for the same period last year. This does not, of necessity, mean there is more butter in the country. I think there was a hold back of butter in trade channels during the last months of the previous support



year with a view to possibly being able to take advantage of any price increase that might occur. As you know, the board revised its price upwards before the end of the support year, but this resulted in, I think, larger purchases during the first months of this support year than was the case in the previous year. At least that is the interpretation we are placing on it at the present moment.

The latest report that I saw in respect of production showed production down in all provinces with the exception of Ontario, Prince Edward Island and Nova Scotia. In these provinces the production was up, but that was just a current figure for the week.

Mr. CLERMONT: A supplementary, Mr. Chairman. I understand that in April the production was less than in the previous year.

Mr. WILLIAMS: For the month of April, if my memory serves me correctly, sir, the production of butter for Canada was down 2 per cent, but consumption was down also in the month of April, for some reason nobody has been able to determine.

(Translation)

Mr. CLERMONT: Mr. President, may I go on with the questions I started with?

(English)

The CHAIRMAN: Yes, Mr. Danforth, the questions Mr. Williams was answering, were ones that Mr. Clermont had to defer when we adjourned yesterday and he asked permission to be first today.

(Translation)

Mr. CLERMONT: May I make a suggestion, Mr. President. Could we consider the Agricultural Stabilization Board and the Agricultural Products Board as such? I would like to study both, both sides are inter-related, the support price on the one hand and the marketing of the products on the other.

(English)

One is the office of the comptroller and the other is the office of the stabilization board; both go together.

The CHAIRMAN: Mr. Williams informs me he has no objection to this line of questioning, and feels that they would work together.

Mr. Clermont, pardon me. I made an omission when I did not introduce the officials who are with us today. First of all, there is Mr. Williams who is the Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C. R. Phillips, Director General of the Production and Marketing Branch; Mr. J. S. Parker, Director General, Departmental Administration, and Mr. W. R. Bird, Director of Crop Insurance.

The products board which you were talking about, Mr. Clermont, as Mr. Williams points out, this is on the last page. Are you aware of this?

Mr. CLERMONT: Yes.

(Translation)

My first question, Mr. Chairman, is the following: what are the specific products for which the Board did not pay assistance, since the average national price was over that, are there any such products? I know pork is one. Are there any others?

(English)

Mr. WILLIAMS: The mandatory commodities under the Agricultural Stabilization Act on which assistance is presently not being paid?

Mr. CLERMONT: Due to the average price?

Mr. WILLIAMS: Three of the nine mandatory commodities are: butter, cheese and eggs. All of these three commodities are under active support, but it is impossible to say at the moment whether support will be paid this year on eggs; it looks as though it would not be.

Mr. CLERMONT: My question was for the previous year.

Mr. WILLIAMS: I am sorry. For the previous year, support was paid on those three. The next three are hogs, beef and sheep. So far as the act is concerned, we interpret sheep as two parts, that is lamb and wool. Assistance was paid on it last year, but none was paid on hogs and beef. The other three are wheat, oats and barley grown in areas other than the designated areas under the Wheat Board Act, and no payments were made in respect of those three commodities.

Mr. CLERMONT: My next question, Mr. Chairman, is this: We have seen in the newspapers that the board had bought imported butter and eggs during the winter of 1966.

Mr. WILLIAMS: That is not correct. The board has not bought any butter other than domestic butter, I think, ever. I am not absolutely certain, but not last winter at any rate.

Mr. CLERMONT: Well, what about the story we read that four butter factories bought imported butter and re-exported? The story was that 6 million pounds of butter burned down in a warehouse in Montreal during a fire.

Mr. WILLIAMS: Butter is under import control under the Export and Import Permits Act. However, permits were issued by the Department of Trade and Commerce for the importation of specific amounts of butter for reworking and export. While it was not a bonding procedure in the technical sense of the word, it was conducted under a procedure equivalent to bonding. It is my understanding this material was largely mixed with sugar and re-exported as an ice cream pre-mix.

Mr. CLERMONT: And, according to your information, during the winter of 1966 there was no butter imported for domestic consumption?

Mr. WILLIAMS: That is correct.

Mr. CLERMONT: Were there any eggs imported for domestic consumption?

Mr. WILLIAMS: Not by the board. Eggs were imported by the trade into Canada for domestic consumption, yes.

Mr. CLERMONT: Do they need any import permits?

Mr. WILLIAMS: No, eggs are not under import control.

Mr. CLERMONT: Any merchant or any business can import eggs into Canada?

Mr. WILLIAMS: Provided they meet the requirements of our Canada Agricultural Products Standards Act.

Mr. CLERMONT: But they do not need a permit?

Mr. WILLIAMS: No, they do not need a permit. That is correct. They also must meet other statutes in Canada such as those administered by the Department of National revenue in respect of dumping and things of that nature.

Mr. CLERMONT: Are you in a position to say there were some eggs imported?

Mr. WILLIAMS: Yes, there were eggs imported and there was egg mélange imported.

Mr. CLERMONT: I am not saying that eggs were bought from Ontario for consumption in Quebec. I mean other countries.

Mr. WILLIAMS: No. There were eggs imported largely from the United States, and frozen egg mélange imported by the trade from the United Kingdom into Canada.

Mr. DANFORTH: Mr. Chairman, I am sure Mr. Williams would be disappointed if I did not ask him a question regarding sugar beets.

This is more or less a general question which concerns the farmers in southwestern Ontario, in fact, most agricultural districts in Ontario. May I request the witness to explain why it is not possible to have the subsidized prices announced much earlier so that they can be a main factor for the farmer to take into consideration when he is planning his spring program? In many instances, the crops such as soybeans and sugar beets, are already in the ground before the price is announced. Is there a definite reason for this, or can it be announced earlier? Is this government policy, is it the mechanics, or what are the underlying principles?

Mr. WILLIAMS: It is possible to announce a support program for any commodity at any time. There are no legal impediments. The difficulty associated with this is that the longer ahead you announce it, the less information you have to base your decisions on in respect of levels of support. In other words, if we were to announce, we will say, egg support for 1968 at the present time, it would be almost an impossibility to assess the supply, markets, and prices and so forth.

Sugar beets present a particular problem in that contracts are written, as you are well aware, well in advance of the actual planting time. The crop is harvested in the fall. Our support year has to use as its base a period that approximates the period during which the product from the year's crop is marketed, not when the beets themselves are marketed. Therefore, our 1966 support year for sugar beets runs from September 1, 1966 to August 31, 1967. For example, we have not yet settled for the 1965 crop, nor do we know how much will be paid to growers for the 1965 crop. This means that to announce it well in advance one has to make estimates as to world sugar prices, which are



extremely volatile, and world marketings, which are also quite volatile, at such a distance in advance that it is difficult to make the estimates.

We have, however, almost invariably made our announcement in respect of sugar beets prior to the actual planting of the crop, and in general prior to the contracting of it. I do not have with me the dates, but in general the dates have been pretty well in advance and the board does try to make these announcements. For example, in the current year it was announced, I think, in February, certainly several months ago; I could get the exact date.

Mr. DANFORTH: Mr. Chairman, I was under the impression it was quite late this year. I know of quite a few complaints on behalf of the growers. May I ask another related question, Mr. Chairman? In view of the fact that the price for sugar beets between the growers and the processors is negotiated on a contract price, has there ever been a request, or is their a request by the producers that the announcement be delayed until after the negotiations have been completed? Is this a factor in the negotiating of a contract price?

Mr. WILLIAMS: I cannot recall any request, specific or implied, from producers to delay the announcement in order to permit of their negotiations.

I think my assessment would have to be that it would not be a particular factor simply because the support is tied to a 10 year base and a 10 year relationship in terms of their contracts. Thus, a change in their contracts in any one year would not, very significantly, alter the support program or the returns from the support program because at best any change could be represented by one tenth. This is just an opinion.

Mr. DANFORTH: I am a little at sea, Mr. Chairman, on that one. Under the Agricultural Stabilization Act, is it not possible for the Stabilization Board to establish the percentage support based on a 10 year average? If the percentage support were increased drastically it would have quite a bearing on any one particular year. I will phrase it another way. Is it not a fact that the direct subsidization on sugar beets has, in the course of the last few years, varied drastically from a very low support price to quite a substantial payment to the growers by the government?

Mr. WILLIAMS: Yes. The last year we made a payment was 1964 because 1965 has not as yet been determined. In 1964 the total payment was slightly over \$4 million, if I remember correctly. The two years before that there was no payment. For two or three years before that it was just under \$2 million.

Mr. DANFORTH: My point is, Mr. Chairman, that there has always been the fear, I think, that if the government were going to be in a position to pay the important portion of the per ton price to the farmer, that the industry might in effect take some advantage of this in a negotiated price. I think now you can appreciate the problem.

Mr. WILLIAMS: Mr. Danforth, this was true under the previous methods of subsidizing sugar beets. It is no longer true because the government support program is tied to the London daily price which is unaffected by any contracts which might be entered into between the producer and the processor in Canada. In other words, the amount that producers will receive under the Agricultural Stabilization Act is unaffected by their contract in that year.

Mr. DANFORTH: I can appreciate that. But is it still not a fact that the greater amount paid by the government on a subsidization program, the lesser amount has to be paid by the processor in order for the producer to obtain the same price?

Mr. WILLIAMS: That is correct. Let us take a very unhappy situation and say that producers in Ontario negotiated a contract that was half as good this year as the previous year. This would not increase their payments under the Agricultural Stabilization Act by one cent in this year. By altering the relationship on the 10 year basis and the base price, it could have an effect in subsequent years. Each year the board scrutinizes the contracts; it does not enter into negotiations or assist in the negotiations or anything of that nature, but it does, prior to reaching decisions in respect of recommendations of support levels, scrutinize all contracts that have been entered into by growers across Canada in each year prior to reaching decisions about subsequent years.

Mr. DANFORTH: Thank you sir, that clears that up. Let us now get back to the basis of an earlier announcement of the stabilized price. I am speaking on behalf of the producers in asking for an earlier announcement of the stabilized price. I am not speaking in a matter of months; I am speaking more in a matter of weeks, and perhaps four or five weeks would make a tremendous difference.

Is it not true that in the case of sugar, unlike other commodities that you have to deal with, you already know, because of the reports coming in from the refineries, how much sugar is available by January 1 and in storage from the entire beet crop. By this time it is all processed, so you know how much sugar is on hand, and you have the figures of past performances as far as the cane sugar supply is concerned. Would it not be possible to announce this price perhaps in the latter part of January or mid February instead of March 1 or mid March? Would this not be feasible and possible?

The CHAIRMAN: Before Mr. Williams answers that, I would like to say that the other meeting, which is going on in the room, is coming in over the microphone and it makes a garbled mess on the recorded tape.

Mr. WILLIAMS: Yes, it is possible.

Mr. DANFORTH: Is the same thing feasible for soybeans? I notice the announcement of support price for soybeans, which has not been a major factor in the last two or three years, is often delayed very long after the planting has taken place. Would it not be possible to have an announcement of all farm commodity prices looked into with the object of having them announced before definite plans and commitments are made on behalf of the farmers? I think this would be much appreciated.

Mr. WILLIAMS: The only answer I can give is, certainly it is possible, yes.

Mr. DANFORTH: I think the committee is interested in whether it is possible and practical in its application because there has been considerable resentment, if I may use that term, on behalf of the farmers because of this delay. I know governments are prone to be blamed for the political aspect of this, and I do not think this is always the case. I think sometimes the mechanics themselves are a factor, and perhaps inability to obtain the necessary information.

The CHAIRMAN: Are you finished, Mr. Danforth?

Mr. DANFORTH: Mr. Chairman, I think perhaps the other members should be allowed to ask questions because of the shortness of this meeting, and perhaps I can come back later.

The CHAIRMAN: Mr. Pugh has a supplementary question, and next is Mr. Rapp, and then Mr. Ricard.

Mr. PUGH: The only thing I have fault with are the remarks, the argument and the answers on these commodities. It strikes me that we have a wrong interpretation of the Agricultural Stabilization Act. In other words, my idea is that the Agricultural Stabilization Act is something to guard against the disaster pricewise. In other words, if someone asks, "Why do they not announce this earlier?", surely it is the whole marketing during that period, that is the price received, which decides whether this act is going to come into effect or not. Am I right in that assumption?

Mr. WILLIAMS: In general I think I would have to say this, that in so far as non-mandatory commodities are concerned, the policy which has been followed has been essentially along the line you have suggested, sir. There are certain commodities, such as sugar beets, where it is reasonably certain that a support program may be needed, in which case we try to make an announcement ahead of time. In general announcements are made ahead of time with respect to commodities which appear to be in little or no danger of over-production in this country and consequent price depressing effects brought on by increased production within the country.

Mr. PUGH: Well, does this not sort of go more towards a subsidy rather than a stabilization?

Mr. WILLIAMS: I would have to say that it is a bit of both. If you know you are going to have to pay out money in order to stabilize the price at a fixed level, I think, by definition at least, that it then becomes a subsidy.

Mr. PUGH: I just wanted to get the philosophy behind that. Thank you.

Mr. RAPP: Mr. Chairman, I would like to ask Mr. Williams, since we are dealing with edible fats and so on, whether much edible oil is imported from the United States, such as soybean oil, rapeseed oil and all other edible oils?

Mr. WILLIAMS: I think the rough answer to this, Mr. Rapp, is that we do import quite large quantities of edible oils, generally not from the United States, however—more from the Commonwealth countries rather than Europe—but that our production of edible oils in Canada just about equals our requirements. While we do import, we are also exporters of edible oils. Now, when I say edible oils, I mean edible oils both in the form of seed and as crushed material; in other words, I am talking about the produce whether it has been processed or not. We import quite large quantities of soybeans from the United States which are processed in Canada and re-exported under British preferential tariff arrangements.

Mr. RAPP: Are these edible oils coming in duty free? This perhaps is a question I should direct to another department.

Mr. WILLIAMS: Thank you, Mr. Rapp.



The CHAIRMAN: Are you finished your questioning, Mr. Rapp?

Mr. RAPP: Yes.

Mr. RICARD: I had no intention of asking questions, but since you have given me the opportunity, I would like to know if the government is making an effort to have sugar beets produced in larger quantity, or if this is left to the producers or the associations representing the producers?

Mr. WILLIAMS: I think, sir, the mere fact that the government has supported sugar beets over the past great number of years and has paid out quite large sums would indicate that the government is prepared to sponsor, at least, the production of sugar beets in Canada. Whether we get to the stage of saying they are prepared to enter into a highly incentive program which would double the production, I do not think we can say that at the present time, but certainly they have indicated, by their actions, that they are prepared to support sugar beets in Canada.

Mr. RICARD: As a result of this, has the production been increasing every year or is it at about the same level?

Mr. WILLIAMS: I think I would have to say that the production in Canada has remained just about constant. There may be slight upward trends, but there is more variability between years than there is really any evidence of an upward movement. There is no evidence of a downward movement either.

Mr. DANFORTH: I have a supplementary to this. Is it not true that although the over-all production may remain somewhat constant, that as far as Ontario is concerned there does seem to be a trend downward in the last three or four years and that the production has been picked up with increasing plantings in Manitoba?

Mr. WILLIAMS: I think the greatest growth probably has been in Alberta and Manitoba, there is no doubt about that. Ontario has fluctuated in the last two or three years, while acreages have varied and certainly were down last year. This was pretty well compensated for by larger yields last year, but there is no doubt that the growth is in the west. In general the western sugar beet producer is protected by distance from supplies.

Mr. MUIR (*Lisgar*): The egg, hog reverse deal.

Mr. WILLIAMS: The Ontario sugar beet grower does not have that same protection. In general sugar beet supplies the requirements for sugar in the prairie provinces.

Mr. DANFORTH: May I pose a further supplementary question, Mr. Chairman. I know there has been a drastic change in the basis for the formula for stabilizing sugar beets, and I also know that the board, under Mr. Williams, is responsible for a large measure in developing this new formula. May I ask, Mr. Chairman, if in the opinion of the board, after having an opportunity to work out this formula based on the London daily price, they feel it is working better as far as the industry is concerned?

Mr. WILLIAMS: Yes, I think I would have to state categorically that it is working better. However, we have not stopped our search for a better one and

we have people working on this at this present moment. It is a very difficult problem because of the nature of world trade in sugar.

Mr. DANFORTH: Has there been any thinking on the part of the board for any representations made by the industry, either from the producer or the processor level, towards a guaranteed percentage of the Canadian market for Canadian sugar, due to the fact that we do now supply such a small percentage of our own sugar demands?

The CHAIRMAN: This is in eastern Canada?

Mr. DANFORTH: In Canada as a whole.

Mr. WILLIAMS: Yes, I would have to say that representations have been received by the board that some procedure should be evolved that would, in essence, guarantee sugar beet growers of either a fixed percentage or a fixed amount or something of that nature.

The CHAIRMAN: That is total production?

Mr. DANFORTH: I have two more questions along this same line. I think there is a very small percentage of the world production of sugar—I think perhaps the figure is 8 or 10 per cent—which has not been under direct contract or commitment, and this small surplus has been responsible for tremendous fluctuations in the raw sugar prices from time to time. In the knowledge of the witness who is close to this, is there any planned program or meetings to bring the entire world sugar production under an international agreement, such as we have with wheat, in order that this small percentage will not be such a factor in fluctuating the market?

Mr. WILLIAMS: I think I would have to answer that question this way. At the present time the international sugar agreement is under very active study and there are meetings almost continuously on this matter. I think the seller nations are quite interested in endeavouring in essence, to ensure that there is no such thing as a world free market for sugar. The difficulty, of course, is that once a price is guaranteed by any type of agreement to seller nations, it must of necessity be accompanied by some type of market restraint or production restraint, or both. It is at this level that difficulty is currently being experienced. Canada is a participant in these discussions.

Mr. DANFORTH: Mr. Chairman, in order that other members of the committee may have an opportunity of asking questions, may I be allowed to pass at this time?

The CHAIRMAN: That is fine.

(Translation)

● (10.29 a.m.)

Mr. CLERMONT: I would like to go back to the question relating to eggs. From the 1st of January, 1966, to May 7, 1966, we imported 23,540 cases of 30 dozens each, compared to 1,697 cases in 1965. Was production smaller in 1966 or was this the dealers doing? You probably know, Mr. Williams, that producers are very worried, very concerned about this purchase policy, because between

23,000 cases and 1,600 cases, there is a big margin, I think there is 20,000 cases difference. Most imports came from the United States.

(English)

Mr. WILLIAMS: I think the situation has to be described as follows. During early 1965 we had a very significant domestic over-production. We had quite high exports and we had a very low domestic price. As a consequence many producers changed production plans, did not buy chicks, did not raise pullets, did not keep yearling hens, and production during the late fall and past winter dropped off quite significantly. As a result, prices rose very sharply. I think these prices were the highest for the past seven or eight years, and I think at the present moment our national weighted average, which is the average weighted price received by producers for eggs since October 1 last year, is 10 cents per dozen higher than it was at this time last year.

The situation was simply that the prices became such that eggs could move into Canada over the tariff barrier and importers imported them. Whether there were enough eggs in Canada or not, I am not prepared to say. But the fact is the price in Canada reached such a level that it became profitable for people to bring them in.

Mr. CLERMONT: What is the tariff barrier, what is the percentage?

Mr. WILLIAMS: I will get that for you in a moment, Mr. Clermont.

Mr. MUIR (*Lisgar*): My supplementary has to do with sugar beets. I think Mr. Williams is aware that over the years there have been efforts to formulate a national sugar policy, and I am just wondering whether we are getting any closer to one? Has the idea of a national sugar policy been dropped?

Mr. WILLIAMS: I think it is very difficult to say whether we are getting any closer. My problem in answering this is not by reason of any reticence to answer. My difficulty, frankly, is to define what a national sugar policy might or might not be. I personally believe we have a national sugar policy at the present time. In the interests of the consumer of Canada and the interests of the Canadian industries using sugar, the Canadian sugar policy is that, other than tariff restrictions, this will have no restrictions other than tariff restrictions, normal tariff barriers, and that is our policy at the present time. I presume, sir, you are referring to a policy involving a sugar board or something of that nature.

Mr. MUIR (*Lisgar*): I have a supplementary which will probably assist you in clearing that up. Is it still profitable for the refineries in eastern Canada to import sugar cane in competition with our sugar beets?

Mr. WILLIAMS: So far as costs are concerned, I believe their costs for raw sugar whether they get it from beet or from cane, are identical. Their contracts are such that the price they pay for the sugar in the farmers' beets is tied to the price they must pay for cane sugar. I believe it does not make very much difference one way or the other whether they use beet sugar or cane sugar.



Mr. MUIR (*Lisgar*): As Mr. Danforth pointed out, it is the surplus cane sugar coming into Canada which has had an effect of depressing the raw sugar market over the past years. Is this still being allowed, or is this still being done?

Mr. WILLIAMS: It is definitely government policy to only have the normal tariff restrictions against sugar. These tariff restrictions favour Commonwealth countries. In other words, the most favoured nations' rate is higher than the British preferential rate.

Mr. MUIR (*Lisgar*): There has been no attempt to regard this imported sugar as surplus sugar being dumped?

Mr. WILLIAMS: That is correct.

Mr. MUIR (*Lisgar*): There has been no attempt to do this?

Mr. WILLIAMS: Not to the best of my knowledge. I believe there was one case at one time that I can recall. You will appreciate that this is not administered, however, by the Department of Agriculture, so I would not be able to give a categorical answer in respect of this.

Mr. MUIR (*Lisgar*): Do you feel that raw sugar is still being dumped into Canada? Do you consider that we are probably a fair market for surplus sugar?

Mr. WILLIAMS: I am afraid that I really could not answer that question categorically because I do not know. Our main interest is in protecting the producers. Under the present support program, in so far as producers are concerned, it does not matter whether the sugar is dumped or not, as long as it is at world prices. Now, presumably, no one is going to sell below the free world price.

Mr. MUIR (*Lisgar*): Do you mean they would not sell to refiners? I think this has happened in the past—I think Cuba has been ruled out now—when Cuba was able to export as much of her sugar cane as she wanted to.

Mr. WILLIAMS: The information we have at the present time is that the buying procedure of refiners is that they buy on consignment. That is to say, the sugar is put in here by the suppliers and it is bought at the London market on the day the refinery takes it out of storage for melting.

Mr. DANFORTH: Is it not true that Canada is more vulnerable to the small surplus of cane sugar because it is one of the few buying countries that does not buy by quota and by definite contract?

Mr. WILLIAMS: If you mean more vulnerable, Mr. Danforth, that sugar is going to come in here from this 8 to 10 per cent free market, there is no doubt whatsoever that sugar is going to come in here. But this, as I say, under our present support program—and this is why we have such a complex support program—is to ensure that if this does happen it will not affect the producers total net return.

Mr. MUIR (*Lisgar*): I just have one more related question. Some years ago, and it is not too long ago, turkeys were shipped into Montreal on consignment, and I understand they were picked up at depressed prices. They were picked up by a Montreal importer because they had been shipped on consignment without any price tag on them. Does the same thing not happen to sugar?

Mr. WILLIAMS: I know of no regulation, sir, which would inhibit the movement of turkeys into Canada on consignment. The ultimate selling price, however, might be a matter of anti-dumping action, but I do not know of anything which would keep them out just because they were on consignment. If they came in on consignment and the ultimate selling price was such as to bring an anti-dumping levy, this would be one thing, but simply because they were consigned, I do not believe we have any federal legislation that would prevent consignment sales of turkeys.

Mr. MUIR (*Lisgar*): Thank you very much.

Mr. McLELLAND: I would like to ask one question concerning the growing of sugar beets. I am thinking primarily about the 50,000 acres that are being readied with the south Saskatchewan river dam irrigation project. If 3,000 to 5,000 acres were to come into production within the next two to five year period, would this have any significant effect on Canada's position with the sugar beet industry?

Mr. WILLIAMS: It would certainly have some significance. At the present time the total acreage in sugar beets is about 100,000 acres. There are about 40,000 acres in Alberta, about 30,000 acres in Manitoba, about 20,000 acres in Ontario, and about 10,000 acres in Quebec. So 3,000 to 5,000 acres would represent approximately a 5 per cent increase and would have all the effects expected from a 5 per cent increase in domestic sugar. I think one would have to say too that it would have a subsidiary effect because at the present time the prairie provinces produce just about the amount they need for their own use. This would mean that sugar would either go over the mountains or would back up into Ontario from the prairies.

Mr. McLELLAND: Regarding this support price or whatever it is called, I would like to ask this question. Supposing it did happen in Saskatchewan that 3,000 to 4,000 acres would be put into production—those, of course, would have to be transported to a refinery because I would not imagine a refinery would stock up with that many acres—would that have anything to do with the price which the producer would be receiving? Would the fact of having to transport these sugar beets from one province to another to a refinery necessarily drop the price?

Mr. WILLIAMS: At the present time our support program is basis f.o.b. factory. You have asked a hypothetical question and all I can do is give a hypothetical answer. If the same support program were to be continued on the same basis, that is to say f.o.b. factory, then their lack of proximity to a refinery would mean that they would net less back at the farm than would people who were closer to a refinery.

The CHAIRMAN: I would just like to clarify one figure which I am aware of, and I think Mr. Danforth is too, namely I think the acreage in Ontario is between 15,000 and 16,000 this year.

Mr. RICARD: Quebec is subsidizing the production of sugar beets. Are there any other provinces that subsidize the production of sugar beets?

Mr. WILLIAMS: Not to my knowledge.

Mr. RICARD: To what extent would our export trade be affected if, say, our production of sugar beets were doubled? Would we reap some disadvantage out of it, would it be to our advantage, or would there be no effect at all?

Mr. WILLIAMS: I do not think that question could be answered without knowing a great deal more of how it would be doubled. If our domestic production of sugar beets were to be doubled, and all other factors were unchanged, that is the support level, the world price of sugar and everything else, the only effect it would have would be that it would restrict imports from countries where we are presently buying this, and I would have to presume that they would have less dollars to buy some of our exports. This is not a question which one can answer really, but presumably if a country is unable to sell as much to us, it is unable to buy as much from us.

Mr. PETERS: The question I wanted to ask is that it appears to be very much controlled as far as the producer is concerned, and the stabilization payment keeps this control. What I am wondering is what action has been taken, or what arrangements were made to see that the situation with respect to the retailer consumer price for sugar is not allowed to fluctuate as it did a couple of years ago where no relationship was indicated between the production price in Canada or even the import price, in relation to the retail price of sugar?

Mr. WILLIAMS: This, I am sure you will appreciate, does not come under the Department of Agriculture or under the Agricultural Stabilization Board. However, I must say that this is one of the objectives of Canada being a member and negotiating in the international sugar agreement because, presumably, a resolution of the problems associated with international sugar trade to that organization would result in less fluctuations in the world market and much less fluctuations in our domestic market.

Mr. PETERS: From what I gathered, if we increase our acreage by 5,000 or 6,000 acres in Saskatchewan when the irrigation program is completed, that because of the open-end arrangement that we have on import and the lack of restrictions being used by tariffs this is not going to mean a reduction in the consumer price of sugar in Canada, mainly because of the subsidization program. There is a potential in Canada of reducing our sugar price internally, if it were necessary.

Mr. WILLIAMS: I do not believe our support program has any basic effect whatsoever on the price the consumers pay for their sugar. I must say, however, taking the assumptions I made in the case of the question raised by Mr. Ricard, that the increase in production in Canada would not affect consumer prices here. In other words, our domestic prices for sugar here are based on world prices for sugar, not on domestic production and not on the price the farmer needs to receive for sugar beets.

Mr. PETERS: Well, am I wrong in assuming that the world price did not double when the price of domestic sugar doubled?

Mr. WILLIAMS: That is correct. It pretty nearly trebled.

Mr. PETERS: The world price?

Mr. WILLIAMS: Yes. The world price of sugar, I believe, was 12 cents and at the present time it is around 3 cents.



The CHAIRMAN: Was that on contract?

Mr. WILLIAMS: This was the free world market.

Mr. PETERS: This was this 6 or 7 per cent you mentioned, or was it 8 per cent?

Mr. WILLIAMS: Yes, it was 8 to 10 per cent.

Mr. PETERS: If Canada participates in this international agreement as a signatory to it, will this mean we will not be subject to this 7 or 8 per cent, and that our supply will be guaranteed under long term contracts under this agreement?

Mr. WILLIAMS: One cannot at this point foretell what form the final agreement will take, but it could mean this, yes. It could mean that the bottoms would be taken out of the market and the tops would also be taken out.

Mr. PETERS: Is this what we are working toward, or are you in a position to know what our negotiation picture is?

Mr. WILLIAMS: I am not in a position to reveal at the present time what the negotiating position of Canada is in this matter.

Mr. PETERS: If this trade fluctuation occurs again, I think it is safe to say the housewives are going to be pressing for a situation which will eliminate this. Is it possible for Canada, on its own, to produce enough domestic sugar to stabilize our own domestic price?

Mr. WILLIAMS: I think Canada could probably produce enough sugar for itself, but I would think that the housewives would certainly find the price was a great deal more. The best estimate I have been able to receive from our technical people is that probably domestic sugar beet production could be doubled with reasonable yields. In other words, not every place in Canada is suitable for growing sugar beets by any stretch of the imagination. The best sort of an estimate I have been able to get, and I must admit it is an extremely rough one, is that probably our sugar beet production could be doubled with not too much loss in efficiency. So if you double it you are still only going to be up to 30 or 35 per cent of our total requirements. Obviously, it could be increased to any level if people wanted to pay enough, and if subsidies were high enough I think you could grow sugar beets almost anywhere, but your yields would be extremely poor and probably your sugar content and so forth. I would think, speaking within reason, Canada cannot be expected to produce enough sugar to satisfy its needs or to internally take these fluctuations out of the market.

Mr. PETERS: If we are able to negotiate this agreement, I take it this will eliminate us from that market of the 7 or 8 per cent, which is a surplus free price, and so we would be under some kind of a stabilized world price?

Mr. WILLIAMS: I do not think, Mr. Peters, I said it would; I think I said it could. I do not think at this point it is possible for me, at least, to forecast what form a final agreement might take.

Mr. MUIR (*Lisgar*): I just have one short supplementary. Is it not a fact that we could pay the producer a price which would give him a fair return for his efforts and work without affecting the final price of the refined product?

Mr. WILLIAMS: This is what we are doing at the present time, we believe.

The CHAIRMAN: They have the answer to Mr. Clermont's question now which he asked earlier in the meeting. If it is all right with the committee, I will ask Mr. Williams to give that answer at this time.

Mr. WILLIAMS: The current tariff on eggs is 2 cents a dozen British preferential, and  $3\frac{1}{2}$  cents a dozen in most favoured nation.

Mr. CLERMONT: This means the United States will come under that  $3\frac{1}{2}$  cents?

Mr. WILLIAMS: That is correct. With regard to egg melange, the British preferential is 5 cents a pound, and most favoured nation, it is 10 cents a pound.

The CHAIRMAN: There is one question I would like to ask. I have the feeling, Mr. Williams—and maybe you will think I am completely wrong—that to have a proper stabilized price, to guarantee a certain production with a proper economic return for the producer, that it is nearly impossible to do this as long as we allow imports to come into Canada helter-skelter.

Mr. WILLIAMS: Under the deficiency payment program, theoretically at least, imports and prices do not of necessity affect the returns to producers. It affects it if it brings the price down below the support level, but once it is at the support level it does not matter how much lower it pushes it, the returns to the producers are the same. Therefore, if the support level is an effective level, the imports do not alter the returns to producers.

The CHAIRMAN: What I am trying to say is that in a great many instances support prices or stabilized prices are not realistic prices in accordance with the current cost of production to give the person an economic return for the investment with all the other costs taken into consideration. We know this, and it is one of the constant complaints of farm producer organizations in Canada.

Mr. PUGH: Is there any evidence whatsoever that the eggs which were imported into Canada are selling at a lower price here? Is there any evidence that this was in the nature of dumping, and that those eggs sold cheaper in Canada than they did in the United States?

Mr. WILLIAMS: The Department of National Revenue have this under review. The latest information I have from them, which was received earlier this week, was that to date they have not been able to uncover any evidence that these were dumped by definition under Canadian law.

Mr. PUGH: It seems to me that an extension on dumping legislation might be made similar to the fruit and vegetable definition of dumping which, rather than the cost of production in the country of origin, gives you a three year average import into Canada. In other words, if you get below that, then this constitutes a fair value produced. In the other commodities it is almost impossible, I would say particularly with regard to eggs, to assess the cost of production in the country of origin.

Mr. WILLIAMS: In both our fruit and vegetable legislation and in our general legislation, it is not the cost of production, it is the average selling price in the country of origin. With regard to fruit and vegetables with a three year

average under the normal dumping legislation, it is the selling price in the country of origin as compared with the export price in the country of origin.

Mr. PUGH: Yes, that is fine, but in fruit and vegetables, I think if you will look at the legislation, it is the average three year price of actual imports into Canada—

Mr. WILLIAMS: That is right.

Mr. PUGH: —which is something our departments can decide immediately. What I am getting at is this: With regard to imports into Canada, let us take the case of the United States in respect of fruit, their shippers into Canada are very worried, and have been worried about this legislation ever since it was adopted because it is something which can be assessed quickly and put on quickly. In talking to fruit men from Washington, for instance, they will think twice before they will throw it in.

This gets back to undercutting. You can prove to them quite conclusively that by underselling in our market they are not doing themselves any good whatsoever; that if there is a demand for the product they can get a better price by not undercutting. However, if the demand means there must be an import, they can get a better price by coming in, and there is no question of undercutting our own prices. I believe this has been the history since that legislation was put in with regard to fruit and vegetables. Is there any comment on that?

Mr. WILLIAMS: No, I do not think I would be prepared to comment on this at the present time, Mr. Chairman.

The CHAIRMAN: Are there any further questions on stabilization?

I want to make a request from the Minister of Agriculture. We had promised him the right to return and make a statement. Things did not work out right before he went to Europe and he has been after me twice now to have him back here. I suggested that he come promptly at 9.30 on Tuesday. He has to go to a cabinet meeting at 10 or shortly after 10, and we could take half an hour of our Tuesday meeting to hear his statement. Is this agreeable with the committee.

Mr. DANFORTH: Will we have an opportunity to pose questions on the basis of his statement?

The CHAIRMAN: He is prepared to stay, but I do not think we should keep him for more than an hour.

Mr. DANFORTH: This is with the understanding of the committee, Mr. Chairman, that we continue with the Agricultural Stabilization Act following his statement. I know some members have several questions they wish to pose.

The CHAIRMAN: We will now adjourn because it is 11 o'clock and the House is meeting. Thank you, gentlemen.



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 16

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Respecting

Estimates (1966-67) of the Department of Agriculture

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TUESDAY, JUNE 14, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister; Mr. C. R. Phillips, Director-General, Production and Marketing Branch; Mr. W. R. Bird, Director, Crop Insurance.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Herridge,	Mr. Olson,
Wolfe),	Mr. Honey,	Mr. Peters,
Mr. Beer,	Mr. Hopkins,	Mr. Pugh,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Rapp,
Mr. Choquette,	Mr. Johnston,	Mr. Ricard,
Mr. Clermont,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Comtois,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stafford,
Mr. Danforth,	Mr. Madill,	Mr. Stefanson,
Mr. Éthier,	Mr. Matte,	Mr. Tucker,
Mr. Faulkner,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Gauthier,	Mr. Neveu,	<i>guay-Huntingdon-</i>
Mr. Gendron,	Mr. Noble,	<i>Laprairie</i> ),
Mr. Godin,	Mr. Nowlan,	Mr. Yanakis—(45).
Mr. Grills,		

(Quorum 15)

Michael B. Kirby,  
Clerk of the Committee.

## MINUTES OF PROCEEDINGS

TUESDAY, June 14, 1966.

(19)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:48 o'clock a.m. The Vice-Chairman, Mr. Laverdière, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Clermont, Crossman, Danforth, Éthier, Forbes, Gauthier, Godin, Grills, Herridge, Honey, Hopkins, Jorgenson, Laverdière, Lefebvre, MacDonald (*Prince*), Matte, Muir (*Lisgar*), Noble, Nowlan, Peters, Rapp, Ricard, Schreyer, Stafford, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Yanakis (28).

*In attendance:* From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Mr. S. G. Chagnon, Associate Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. J. S. Parker, Director General, Departmental Administration; Mr. W. R. Bird, Director, Crop Insurance.

The Committee resumed consideration of the Estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

The Vice-Chairman informed the Committee that the Hon. J. J. Greene, Minister of Agriculture, could not attend the meeting as previously announced.

*Agreed*—That the Committee would consider this day Crop Insurance Assistance and resume consideration of Agriculture Stabilization Board at a later date.

At 11:00 o'clock a.m., the questioning of the witnesses continuing, the Vice-Chairman adjourned the Committee to 9:30 o'clock a.m., Thursday, June 16, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

(Recorded by Electronic Apparatus)

TUESDAY, June 14, 1966.

(Translation)

● (9.44 a.m.)

The VICE-CHAIRMAN: Gentlemen, we have a quorum. Order please. The minister, Mr. Greene was to be here this morning, but for reasons beyond his control, he will not be able to come. So, we will continue and we will proceed with vote 15, item 15. Mr. Williams and Mr. Phillips cannot be here this morning, so with the consent of the Committee we might perhaps pass to the administration of crop insurance, in view of the fact that Mr. Bird, to my right, is the director of this crop insurance sector; and we have Mr. Parker and Mr. Chagnon here with us from these branches. Could we perhaps go ahead with item 15?

Mr. DANFORTH: Mr. Chairman, in view of the fact there has been a drastic change in the program this morning, may we just have a moment to go over this in order that we can be in a position to ask questions on this?

The CHAIRMAN: Perhaps Mr. Bird could read this section of the report.

Mr. W. R. BIRD (*Director, Crop Insurance, Department of Agriculture*): The Crop Insurance Act was passed in 1959 to assist the provinces in making payments and in making crop insurance available to farmers.

The Act originally provided for the Minister of Agriculture, with the approval of the Governor in Council, to enter into agreements with the provinces to provide three forms of assistance for provincially operated crop insurance programs. The Act permits the Minister to agree with the province to contribute 50 per cent of the necessary administrative costs for the provincially operated schemes to permit them to agree to reimburse the province for the premiums it may pay on behalf of the farmer and it permits, also, that loans may be made to a province in disaster years when indemnities greatly exceed the amount of premiums and the reserves that are available for the payment of indemnities.

In 1964 there was an amendment to the Act which provides that Canada may re-insure a suitable portion of the risk that is entailed in the policies and transfers which are in effect during a year. Up to the present time there are four provinces that have completed agreements with Canada. The first to enter the crop insurance field was Manitoba; they started the operation of this scheme in 1960 and last year had some 8,600 farmers insured.

Saskatchewan commenced operation of a program the next year; Prince Edward Island in 1962 and the province of Alberta started their program last year in depressed areas in that province.

Generally speaking, the Manitoba scheme has been the most successful and has developed faster than the others. The program there covers the insurance of wheat, oats, barley, flax and sugar beets. In Saskatchewan it covers wheat, oats

and barley, as it does in Alberta. In Prince Edward Island insurance is provided for potatoes and for grain crops.

Mr. JORGENSEN: The introduction of the program in crop insurance in 1959, was, of course at a time when we had no previous experience in this particular field in Canada. I think that the legislation, because of the peculiar nature of the structure of our constitution, required that enabling legislation be set up by the federal government with the provincial governments, to give them the right to develop crop insurance programs.

Manitoba's experience has proven that crop insurance is practical as a means of protection against the vagaries of nature. I think that it has also proven that, in the application of a crop insurance program in a particular province, it is difficult to be guided by the experience that you may have in one particular province, because the conditions vary from province to province. I was wondering to what extent the other provinces have shown interest in setting up pilot programs in order to gain the type of experience that it will be necessary for them to have in order to successfully implement a crop insurance program.

During the course of the debate, when the amendment for re-insurance was introduced in 1964-65, I understood, at that time, that it would be necessary to change the legislation so that forage crops could be included under this program as well because, in many parts of Canada, this is the type of insurance that is required, and I am thinking particularly of some crops in the province of Quebec. In Prince Edward Island I think it is being applied largely to potato crops, with some grain crops as well, while in Ontario I think the greatest interest in crop insurance has been shown by the tobacco farmers in that area. So I doubt very much if it is possible to have the federal program, other than making sure that it is so flexible that each province is able to adopt the type of program that is suited to the needs of that particular province.

I was just wondering to what extent other provinces have shown an interest in developing pilot projects to suit the particular needs of their area.

Mr. BIRD: I would like to give the Committee this information that in February of this year we had a conference with officials from all the provinces, and a number of provinces, such as Ontario, Quebec, British Columbia, New Brunswick and Nova Scotia, all presented their views to us and Ontario and Quebec particularly stressed the importance of insurance being provided for forage crops.

Our Minister is quite sympathetic to this approach and we, of the department, think that particularly for the provinces of Ontario and Quebec it is essential that the Act make provision for insurance of this type of crop because, after all, the greatest percentage of these farmers are engaged in the dairy business and need forage crops and insurance is most important to them.

Since our conference the province of British Columbia has passed such legislation, and Ontario, Quebec and, I believe, New Brunswick have introduced crop insurance legislation, through their provincial houses. In the interval, we have been having, at the official level, discussions with the provinces on proposed programs on which they are working. I think I can say that the provinces of Ontario and Quebec are both making considerable progress in the developing of a possible program for the insurance of hay and forage crops.



Mr. JORGENSEN: Do the provincial governments consult with you when planning legislation for development in their own provinces?

Mr. BIRD: They are now, sir, yes.

Mr. JORGENSEN: I think it is a pretty generally accepted fact that Manitoba has led the way in developing crop insurance and they have provided most of the basic information that is necessary for setting up a crop insurance program. To what extent is the Manitoba experience followed in other provinces?

Mr. BIRD: I think you could say that it provided a basis for pretty well every program that we have or that we are contemplating in Canada. They all go to the Manitoba plan to start with, and study their experience.

Mr. JORGENSEN: But it is not possible, at the moment, for them to apply crop insurance on any crop that is not covered. Does not the federal act specify those crops that can be insured?

Mr. BIRD: The regulations do, sir.

Mr. JORGENSEN: I see. What are those crops?

Mr. WILLIAMS: At the present time the ones that are covered are wheat, oats, barley, rye, flaxseed, green corn, buckwheat, soya beans, potatoes, sugar beets, tobacco, sunflower, rapeseed, apples, peaches, plums, pears, cherries and apricots.

Mr. JORGENSEN: There is not very much left, other than forage crops.

Mr. WILLIAMS: Other than forage crops not very much. But this a Governor in Council regulation. It can be changed at any time, at the desire of the department.

Mr. JORGENSEN: Well, would it require legislation introduced in the House to include forage crops or would it be by order in council?

Mr. WILLIAMS: Not for coverage of the type envisaged under the current prairie program.

Mr. JORGENSEN: Well then why has it not been done so that these other provinces will be able to take advantage of it?

Mr. WILLIAMS: We have never been asked. Their position has always been that their problem was the 80 per cent and 60 per cent, not the fact that the crop was not covered.

Mr. JORGENSEN: What has the 80 per cent and the 60 per cent go to do with it, Mr. Williams?

Mr. WILLIAMS: It is their contention that because of the relative infrequency of crop losses in eastern Canada and in British Columbia, and because of their cost of production figures being in excess of 60 per cent for many of their crops, that a program with 60 per cent coverage would not be attractive or saleable in these provinces. This has been their position.

Mr. JORGENSEN: Am I to understand, then, that the increase in the amount of coverage to 80 per cent is designed particularly for areas other than the prairie provinces?

Mr. WILLIAMS: I am just not sure what you mean by that, but the need for a change is occasioned by requests from provinces other than the prairie provinces.

Mr. JORGENSEN: Yes, well this is just about what I am saying.

Mr. WILLIAMS: There are crops grown in the prairie provinces where at least some of the crop insurance administrations out there feel that a higher level of coverage might be useful to them as well.

Mr. JORGENSEN: What area are those? What crops would those be?

Mr. WILLIAMS: Well there are certain areas where they have forage crops, for example. I would not want to specify them but for example, sunflowers is one that has been mentioned.

Mr. JORGENSEN: But you would not suggest that the increase in coverage from 60 to 80 per cent is going to be of any particular benefit to the grain growers, to the wheat, oats, barley and flax growers?

Mr. BIRD: Well I think, Mr. Jorgenson, that the Manitoba Crop Insurance Corporation at the present time are showing some interest in the increase in coverage for themselves and are studying the effect that it might have. The prime consideration here, when you raise the coverage, is the height of the premium rates.

Mr. JORGENSEN: I was just going to ask you if you have any idea what that would involve in the way of an increase in the premium?

Mr. BIRD: Well it is hard to say, offhand, but I can tell you this, that in some of the studies that we conducted in connection with fruit, we found that the premium rates at 80 per cent coverage were as much as three times greater than they were at 60 per cent coverage.

Mr. JORGENSEN: In fruit crops?

Mr. BIRD: This was in fruit crops—yes.

Mr. JORGENSEN: I think you will find it is even higher when you come down to sugar crops. If I remember correctly, in the years before the crop insurance program was introduced in Canada, I had occasion to do an extensive study of the American crop insurance program, and they experimented for many years before they arrived at the 60 per cent figure, and they arrived at it because it was the area in which they could get farmers to take out crop insurance. Anything higher than that represented too much in the way of a premium, and there was a great deal of reluctance on the part of American farmers to participate in a program where the premium rates were too high. This is why I suggest that the increase in the coverage from 60 to 80 per cent is going to be of no material benefit to the grain growers of the prairie provinces. I am not suggesting that it should not be done, just for that reason. I think it is a good idea if it is going to be practical and of some benefit to farmers who are engaged in the production of other crops. I think, by all means, it must be introduced. But I think it is wrong to leave the impression that this is being done for the benefit of the grain producers on the prairies.

Mr. WILLIAMS: One word of explanation I might add, of course, is that if there is to be an upward revision in the level of coverage, it will be non-mandatory. That is to say that 60 per cent, 40 per cent or 10 per cent insurance could still be sold by any corporation that might so wish.

The other point I might mention is that I believe it was stated in last year's annual report of the American Crop Insurance Organization that had the producers of the United States the benefit of the federal subsidy applicable in

Canada, they would be able to raise and extend their coverage to all crops; that at the present time their premiums are not subsidized and this is part of the reason why they have had to keep their level of coverage low. At least this was indicated in their own report of last year.

Mr. JORGENSEN: Then there are many other reasons why it is at the present time somewhat difficult to get farmers to participate in crop insurance programs. But I think, largely, that rests with the authorities within the province to change their programs to suit the needs of any particular area. One of the great complaints you will find amongst farmers in the Manitoba district is that an over-all average of a crop is taken, rather than a specific crop. As you know, it is customary on the prairies to have crops scattered over quite a substantial area, and if one crop suffers loss it is balanced off by another crop in another area. Most farmers feel that that crop should have been insured on its own and it is something that I think the provincial governments are going to have to work out with experience. I do not think that involves any change in the federal legislation.

All I want to say is that I heartily approve of the changes that are contemplated, as they apply to forage crops and as they apply to the increase in the levels of coverage, because I think it will be of some material benefit to the people in other areas of Canada.

Mr. ÉTHIER: Mr. Williams, you were saying that in changing from 60 to 80 per cent it would not be mandatory. Do you mean that there could be a program the provinces could accept and it would vary from 60, 65, 75 to 80 per cent, that the premium would be higher for more coverage, is that what you said?

Mr. WILLIAMS: That is correct. Under the present legislation, for example, all the Act says is that the coverage cannot exceed 60 per cent of the long-term average; it does not have to be 60 per cent. I would think that what might emerge from this, and it is pure speculation on my part, is that coverages would be available to producers across Canada at some time and the individual could choose whichever level of coverage he felt he could afford, exactly the same as I choose whether I wish to have \$100 deductible or a \$250 deductible on my car insurance.

Mr. ÉTHIER: But, at the moment, it cannot exceed 60 per cent.

Mr. WILLIAMS: It cannot exceed 60 per cent.

Mr. ÉTHIER: Would it need government legislation to adjust it or just an order in council?

Mr. WILLIAMS: No, the Act must be amended to change the potential level of coverage.

Mr. ÉTHIER: I heard you say a while ago that the provinces of Quebec, Ontario and British Columbia were impressed but that was what was keeping them away from it; they think that they cannot sell it, for instance, to the farmers at 60 per cent.

Mr. WILLIAMS: This has been their contention, yes.

Mr. ÉTHIER: Are they willing to accept it if it was boosted up to 80 per cent?



Mr. WILLIAMS: The federal-provincial conference, to which Mr. Bird made reference, indicated that this level of coverage would be a suitable one. The provincial level of coverage, that is, would be a suitable level of coverage.

Mr. ÉTHIER: I have another question, Mr. Williams. On what part of the premium does the federal government subsidize the farmers?

Mr. BIRD: Twenty per cent.

Mr. ÉTHIER: Twenty per cent of the premiums and 50 per cent of the administrative costs, is that it?

Mr. BIRD: That is right.

Mr. ÉTHIER: Is that acceptable by the provinces?

Mr. WILLIAMS: Well I think I would have to say that, in respect of the level of participation, the only point that had been discussed at all was that any decision that the federal government might wish to make in respect of its level of contribution should be made by the government without reference to the provinces and if they wished to make any contribution they should make it themselves. This was the position of that meeting.

Mr. ÉTHIER: Could forage be included in the items that could be insured? Can that be changed by order in council?

Mr. WILLIAMS: Well it could, and I should amplify on that a little bit. I started to answer it earlier. Forage could be included, and I said it could be included on the same basis as grains are presently covered in western Canada. There is some little argument, from the legal standpoint, in the event of a forage crop being completely wiped out by winter killing. Let us say a man had a good stand of alfalfa and it was completely wiped out by winter killing, there is argument on whether the province could write a program that would pay him in the subsequent year, because he has not lost a crop, he has, in essence, lost his production unit. It is akin to the killing of a fruit tree, and there is some little legal argument on that. But certainly it could be covered; it could be included and a type of coverage could be written, there is no argument about that.

Mr. ÉTHIER: What about pastures? Would pastures be included in forage?

Mr. WILLIAMS: Pastures would fall within exactly the same position as forage.

I might say that the thinking has been among the people that are working on this that probably a program should throw all forage crops into one group and the man would simply insure all his forage crops, which probably would include hay, pasture and fodder corn.

Mr. ÉTHIER: Have the provinces of Ontario and Quebec, so far, passed legislation? You said they were to introduce legislation. Has any other province passed legislation about crop insurance, up to date?

Mr. WILLIAMS: No, Quebec has not introduced the legislation yet.

Mr. ÉTHIER: Quebec did not introduce legislation?

Mr. WILLIAMS: Oh, I stand corrected, Quebec has introduced legislation; neither province has passed the legislation.

Mr. ÉTHIER: Thank you, that is all.

(Translation)

Mr. CLERMONT: Mr. Chairman, in his remarks Mr. Bird mentioned the fact that all the provinces attended the January conference and that Ontario and Quebec were very interested in hay crops. Did Quebec indicate any interest in any other agricultural products?

(English)

Mr. BIRD: Well certainly, sir, both Ontario and Quebec have indicated an interest in all crops but, as I said, because the great majority of farmers are interested in forage crops, they felt that this is the point where they should start. They discussed with us the possibility of insuring other cash crops, of one kind or another.

(Translation)

Mr. CLERMONT: Mr. Chairman, the present Crop Insurance Act has been in effect since 1959. Would you have figures in regard to claims for the last year, the claims and the amounts by the Crop Insurance Corporation in the four provinces where crop insurance is now in effect?

Mr. BIRD: Yes, I can give you the information.

In Alberta I can give you the number of farmers insured—you are probably interested in the percentages. There are 1,312 farmers covered.

Mr. CLERMONT: Yes, I have that one.

Mr. BIRD: The total amount of the coverage is—

Mr. CLERMONT: Yes, I have that one too.

Mr. BIRD: And the total payment is \$300,000 approximately. The total indemnities paid last year were \$45,000.

In Saskatchewan—

Mr. CLERMONT: That is for 1965?

Mr. BIRD: For the 1965 crop year.

Mr. WILLIAMS: While Mr. Bird is looking up the Saskatchewan one, the premiums collected in Manitoba for 1965 were \$1.6 million and the total indemnities paid out were \$260,000.

Saskatchewan had \$350,000 premiums and \$120,000 payments.

Mr. BIRD: These are very approximate figures here.

Mr. CLERMONT: Have you any figures for Prince Edward Island?

Mr. BIRD: Prince Edward Island had a premium income of about \$16,000 and paid out about \$45,000 in claims.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I have a supplementary question, Mr. Chairman. Could you tell me, sir, if Quebec has shown interest in livestock insurance? Have you considered this, especially for the dairy herds in Quebec?

Mr. WILLIAMS: Do you mean in insurance on the animal itself or on its productive capacity?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): On the animal itself or on a productive capacity; I believe that Quebec has shown an interest in this livestock insurance.

Mr. WILLIAMS: Quebec have shown an interest in endeavouring to develop a program that is associated with the productive capacity of a dairy farm; from that standpoint, yes. From the standpoint of insuring the animal itself against disaster such as fire, lightening and so forth, the answer is no.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I am not referring to that. Have you undertaken any research or any work in this or have you considered it at all?

Mr. WILLIAMS: I think that the program on which they are presently working could be said to embody this principle.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): You say "they", do you mean Quebec?

Mr. WILLIAMS: Yes.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Will this be acceptable to you, as far as you know?

Mr. WILLIAMS: We do not have the details of the program so I cannot say categorically whether the program, in toto, would or would not be acceptable, but we have no differences of opinion, at the present time, with province of Quebec officials in respect of the principles associated with the programs they are developing.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Has any other province, to your knowledge, shown any interest in this livestock insurance?

Mr. WILLIAMS: I would not want to be misunderstood here: When we use the term "livestock insurance", it is not really that, it is the productivity of the entire farm which bases its sales on livestock or livestock products. The program Ontario has discussed is not unlike this.

Mr. OLSON: A supplementary, Mr. Chairman. In answer to Mr. Clermont's question, the premiums collected seem to be quite a bit higher than the amount you have had to disburse. Does this hold true for almost every year since this plan was adopted? What is the average over the past six years, do you have those figures?

Mr. BIRD: I thought that we could best indicate to you the position by saying that over the period since 1960 the Manitoba scheme is approximately \$900 to \$1 million ahead of the deal, in that premiums over that period have exceeded indemnities by that amount.

In their operation since 1962, I think, premiums in Saskatchewan have exceeded indemnities by about \$450,000. I think you must bear in mind that the crop in the three prairie provinces last year was one of the best in history and that losses were probably much lower than you would normally expect them to be.

Mr. LEFEBVRE: Would you say, sir, that so far, since 1959, more premiums have been collected than payments have been made?

Mr. BIRD: There have been more premiums collected and that is bad business too.

Mr. LEFEBVRE: Would a study then be undertaken to see if the premiums could be lowered after this sixth year of experience?



Mr. BIRD: We do this every year, sir. Each spring the provincial agreements provide that the premium rates and coverages shall be re-examined each year. We look them over each year.

Mr. JORGENSEN: Is there not also a clause in the provincial crop insurance agreement that provides for the gradual reduction of premium rates; providing a farmer does not collect an indemnity, his premium rates gradually go down over a period of years?

Mr. BIRD: All the provinces, to my knowledge, have discounts, most of which apply after a farmer has participated in the program for three years without making a claim.

Mr. WILLIAMS: It should be pointed out here, in amplification, that in 1962, however, Manitoba had to make quite a large borrowing from the federal government, under this program, to meet its obligations under its crop insurance program.

Mr. OLSON: In other words, you would have a sort of bank built up for an extremely poor year?

Mr. WILLIAMS: Yes.

Mr. MUIR (*Lisgar*): Is it not true that a man is disqualified too if he is a poor farmer?

Mr. WILLIAMS: There are clauses in all theirs that say that for cause they could reject claims if it is shown that a man does not follow good husbandry practices. If his losses result from poor husbandry practices they can refuse to pay the claim.

Mr. MUIR (*Lisgar*): There was one experience where a man made a claim of \$5,000 on flax. He was not paid the claim and he was disqualified from receiving insurance the following year. I believe it was in Manitoba.

Mr. BIRD: I have no knowledge of a particular case because this is entirely a matter of provincial administration, but this is possible, under their policies.

Mr. MUIR (*Lisgar*): I think this would have to be part of the set-up because, otherwise, you would get people farming for insurance.

Mr. WILLIAMS: In amplification of the last reply, the basic philosophy on which the premium structure is determined is that the premiums paid by the farmer, coupled with the federal contribution, shall be such that over the long term they are simply self sufficient.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I am interested in these figures pertaining to the three prairie provinces of Manitoba, Saskatchewan and Alberta, and I would like to ask whether the plans are identical in Manitoba, Saskatchewan and Alberta.

Mr. BIRD: No, I would not say that they are identical. Each of the provinces has designed their program to meet their own specific requirements, so that they do vary to some extent. I would not say that there was a wide difference between the operations in the prairie provinces.

Mr. WATSON (*Assiniboia*): Do you have the total number of farms in each of the provinces of Saskatchewan, Alberta and Manitoba, to bring this figure out because I think it is possibly far more drastic than these figures would indicate.

Mr. BIRD: Actually, the approximate number of farms that were reported under the census is 40,000 in Manitoba; roughly 90,000 in Saskatchewan, and about 70,000 in Alberta. Now these are the rough 1961 census figures and they may vary somewhat from that.

There is always the problem, too, of deciding what is a farm, for the purpose we want to discuss, because there are probably about 30,000 farms in Manitoba that the crop insurance people consider they might probably sell insurance to.

Mr. WATSON (*Assiniboia*): Then, for a comparison, actually if the Saskatchewan figure was around 1,500 it would be in about the same proportion as the 8,600 in Manitoba and, for a comparison figure, we could bring Alberta's down to possibly 700. Is there a lack of interest or have the provinces of Alberta and Saskatchewan not had good educational programs to sell this to the farmers? There has to be some reason why it has been such a success in Manitoba, where 8,600 out of 40,000 farms are covered, whereas in Saskatchewan there are only 3,172 out of 90,000 farms. There must be some basic reason why this plan has not been put across to the farmers in Saskatchewan and Alberta.

Mr. BIRD: Well I think, Mr. Watson, crop insurance, like every other kind of insurance, has to be sold. I think, initially, that Manitoba followed the best plan in setting out designated areas. They started with test areas and they concentrated their efforts within those areas. Alberta, incidentally, have only operated one year, and they started in three test areas and, in those three test areas, they had 50 per cent of the farmers insured which, I think, speaks pretty well for the development of the program in one year.

Saskatchewan, on the other hand, initially offered insurance on a more or less take it or leave it basis. Then, too, initially Saskatchewan had no provision made to establish rates, taking into consideration soil qualities, which they have now provided, and which has increased the interest in that province very significantly.

Incidentally, I do not know whether or not these figures are interesting to you, but I probably should indicate that the final figures on the number of farmers who will purchase insurance this year are not yet available to us, because we do not know this until the final seeded acreage reports are filed. Manitoba has indications that they will have 13,000 farmers insured this year; Saskatchewan in the neighborhood of 7,000, and Alberta about 4,500, which is a very significant increase over the last year's operation. I think the great part of the interest that has been shown in Saskatchewan this year is probably due to the improvements in the scheme and the fact that they are taking soil classifications into consideration when establishing rates.

Mr. WATSON (*Assiniboia*): Then, possibly the government in Saskatchewan has been slack over the years in not pushing this plan, or is there anything in the offing that this should be on a compulsory basis the same as P.F.A.A. was and do away with P.F.A.A., if it is going to be a complete success.

Mr. RAPP: They are benefiting more than P.F.A.A. than the province's industries.

Mr. BIRD: Well I do not know, sir, that this is something that I should discuss here. I do not know what the history of P.F.A.A. in Manitoba has been. Somebody suggested, that P.F.A.A. payments there have probably not exceeded

the amounts collected by the levey, as they have in the other provinces and that there probably was some more initial interest in Manitoba due to that fact.

Mr. WATSON (*Assiniboia*): Possibly, we could sum it up this way then, that Manitoba's farm areas are much more concentrated and the farmers could see the results more than they could in other provinces.

Mr. BIRD: I would not think that this was necessarily true, Mr. Watson.

Mr. JORGENSEN: I think one of the reasons why crop insurance is not so difficult to sell in the province of Manitoba is because they have the added inducement that if you purchase crop insurance you do not have to pay into P.F.A.A. and, as you know, there has, through the years, been a considerable amount of resentment in the province of Manitoba over P.F.A.A. because they have never felt they got a square deal out of it. Most farmers feel that P.F.A.A. is like taking out a life insurance policy that says that your wife will not collect a nickel unless 12 of your neighbours die the same year.

Mr. WATSON (*Assiniboia*): Well we do not look at it that way in Saskatchewan.

Mr. FORBES: In discussing this crop insurance it depends a good deal on the attitude of the farmer himself. Do you want to try to make money in the event of a crop loss or do you want your expense covered? In Manitoba now they have a dual rate. That is, you can take the low rate which would be 75 per cent of the 60 per cent—I am just using approximate figures—which would give you a coverage of \$10 per acre. Now then, if you deduct from that, the amount that you normally pay into P.F.A.A. and the one per cent, you have very cheap coverage.

This is a thing that I worried Mr. Bird about a couple of years ago over getting a cost of our expense coverage on crop insurance at a rate that a farmer could reasonably afford to pay and it is now developing into what we were after at that time, Mr. Williams. Once people understand the basis of crop insurance there is no doubt that it will be a very popular idea and I think it is one that is essential today, because any farmer who ever loses a crop, finds that it takes him years to recover the loss he has taken in that year. So if you have an expense coverage—and this is all that I personally, would want—this is the essential. This has become very popular in my area, where we seldom ever have a crop failure at all. We are taking this out as protection and I think this is one feature that could well be applied to Saskatchewan and these other places.

Now Mr. Watson brought up one question in which I was interested: Just why do Manitoba farmers go for this more than those in Saskatchewan? I was particularly interested in that and I want to advise Mr. Watson that the Manitoba farmers are very progressive fellows.

Mr. WATSON (*Assiniboia*): I do not know that I will accept that statement.

Mr. MUIR (*Lisgar*): I was going to ask Mr. Williams if the coverage on the products he mentioned earlier is applicable to all provinces?

Mr. WILLIAMS: It is applicable. That is to say that any province could, at the present moment, issue policies of insurance covering any of those crops, but certainly not all provinces have covered them.

Mr. MUIR (*Lisgar*): It is up to the province whether they ask for the coverage on this particular item or not, is that it?



Mr. WILLIAMS: That is correct, yes.

Mr. MUIR (*Lisgar*): Do you know whether it is the intention of Quebec and Ontario to start up pilot programs?

Mr. WILLIAMS: I do not believe I can answer on what are their intentions. I do not believe their intentions have been made known. They certainly have discussed this possibility and also the possibility of offering it on a province-wide basis. But, so far as I am concerned, I do not believe their intentions are well enough known, at the present time, to make a statement on what their intentions are.

Mr. MUIR (*Lisgar*): I think Manitoba, had they not started with a pilot program, would have been in very deep trouble and that the insurance program would never have got off the ground. I think it would be a good program to follow because it has proved that it worked.

I was going to mention, too, that it has worked in my own case where, if you have no crop loss, your premiums are progressively reduced. By taking, as Mr. Forbes said, the 75 per cent of the 60 per cent coverage even on just your one grain, you automatically wipe out the one cent per bushel on all the grain P.F.A.A. payments that you have to make on deliveries to the elevator, so that if you take 75 per cent of the 60 per cent you practically get it gratis, when you consider that, I think under the wheat board legislation, you are required to pay one cent a bushel on all grain deliveries.

I think there are areas, even in Manitoba, where crop insurance still will not work, and I think this is even more so in Saskatchewan, because there are areas where the average of the crop is so low that the premiums would be actually too high for a farmer to be able to afford it. I think this probably answers Mr. Watson's question of whether Saskatchewan will be able to some day have crop insurance instead of P.F.A.A. If I was living in certain areas of Saskatchewan I certainly would not want to see P.F.A.A. done away with, because the premiums on insurance would be too high for farmers in that area to cover.

This is one of the reasons why we in Manitoba welcome crop insurance because in all the years that I have paid one cent a bushel in the elevator I have never collected a cent of prairie farm assistance, and it is like paying insurance that you never collect on. So there may be a possibility that some day, if you had a total failure, crop insurance would pay your expenses, but in Manitoba I think it would have to be a complete failure before this was done.

Mr. WATSON (*Assiniboia*): Mr. Chairman, if I could ask a supplementary question, possibly I could ask the Manitoba farmers, then, why they go into crop insurance if they object to being in P.F.A.A. because they never collect under P.F.A.A. In my thinking, this does not add up.

Mr. MUIR (*Lisgar*): We never collect under P.F.A.A.

Mr. WATSON (*Assiniboia*): Well, you said that the major objection in Manitoba was that you were paying into P.F.A.A., and Saskatchewan and Alberta, being the poor provinces, were having crop failures and taking money out of P.F.A.A., and as a result of this you quit P.F.A.A. and went into a crop insurance scheme.

Mr. MUIR (*Lisgar*): You misunderstood me, Mr. Watson. I do not know the figures right now—I think perhaps Mr. Bird may have them—but up until about

five years ago Manitoba had paid in \$16 million and taken out about \$14 million. Now it has changed; I think Manitoba has taken more out of P.F.A.A. than they have put in, but very little more. Saskatchewan has taken \$150 millions more, if my memory serves me correctly.

Mr. JORGENSEN: I do not want to get into an argument here, but I think, to answer the question Mr. Watson has posed, it is simply that the nature of crop losses in Manitoba has been different than in the province of Saskatchewan. They are much more localized and therefore we have never been able to collect under the designated area—the areas were never large enough in order for farmers in those areas to qualify. So what we were actually doing was paying into a program where we had very little chance of ever collecting.

Mr. WATSON (*Assiniboia*): I do not want it misunderstood that I am trying to get into an argument with my fellow colleagues from Manitoba, but I am merely trying to satisfy myself why the program has not gone across in the two western provinces compared with Manitoba. To me there must be a reason. I have not satisfied myself what this is and I think it is quite evident that the rest of the farmers in Saskatchewan and Manitoba have not satisfied themselves either. I am trying to get to the root of this and my question is: Why has Manitoba objected to P.F.A.A. and gone ahead with crop insurance?

Mr. WILLIAMS: As a matter of record, since P.F.A.A. started, up until July 31 of last year, Manitoba farmers had paid to the P.F.A.A. some \$23.4 million and has collected \$29.4 million.

Mr. FORBES: It should be kept in mind that we did not collect anything until we made amendments to the Act so as to make ourselves eligible under it, but the situation was exactly as Mr. Muir stated a few minutes ago to Mr. Jorgenson, that, up to a certain point approximately five years ago, we did not collect anything, but due to the amendments we made to the Act, we were then eligible for payments.

Mr. MUIR (*Lisgar*): Mr. Chairman, is it not a fact that since the re-insurance provision has been passed that the number of farmers taking out crop insurance in each of the prairie provinces will double? Is it not anticipated that crop insurance coverage will double itself since the passage of the re-insurance feature?

Mr. WILLIAMS: I think the story is this: That until the federal act was amended to provide for re-insurance by the provinces of a portion of their risk, provinces in general were unwilling to expand their program rapidly because they took the position that if they had a year of very heavy losses the cost to them could impair their fiscal position. Since the re-insurance feature has been added this has not been a factor.

Mr. MUIR (*Lisgar*): Mr. Chairman, this would go part way to answering Mr. Watson's question too, I think, that in any province the greater the proportion the agricultural industry held in that province's economy the less likely it would be that that province would want to go all out in selling crop insurance until they had a re-insurance feature to fall back on.

Mr. WILLIAMS: There is something I might add to that right along those lines, that because of their concern the province of Saskatchewan limited by order in council the total coverage that they could sell to \$5 million.

Mr. MUIR (*Lisgar*): Mr. Chairman, I would like to make an amendment to one statement I made. I said one cent a bushel for P.F.A.A. payments, it is one per cent, which means that it could be a cent and a half a bushel.

(Translation)

Mr. GAUTHIER: I think my question will be directed to Mr. Williams. I would like to have his personal view, they have been talking about the Prairies for some time and I see that Prairie farmers are protected a good deal more than even I realized, because they have private insurance, they have the P.F.A.A., I don't think there is anything they can complain of, but I wonder since crop-insurance has been in effect since 1959, why is it, Mr. Williams, that Quebec has put so much time in thinking about participating in this plan? This is the question the farmers are wondering about, we are wondering where the difficulty lies whether it is the fault of the Federal Government, the fault of the farmers, the fault of the Provincial Government, why no negotiations have ever been started to attempt to get Quebec participation in crop-insurance, because during the last three years, we had a complete agricultural disaster in Quebec, particularly in Abitibi, Lake St-John, Roberval. It seems only to be when the house is on fire that the proprietor wonders what kind of insurance he has and realizes that there is nothing available to him. Our provincial government has done nothing for him.

Was this because forage crops were not included in crop insurance or was there some other factor which prevented Quebec taking part in the crop insurance scheme? Mr. Williams, you probably have some ideas as to how we should direct our energies in indicating to our farmers what suggestions they should propose to the Quebec Government by way of remedies.

(English)

Mr. WILLIAMS: As I understand the question asked, it is for my personal opinion on why the province of Quebec has not earlier taken advantage of the federal legislation in respect of crop insurance.

I think it boils down to the situation where until a rather serious disaster occurs people, in general, are not prepared to buy insurance of any kind, whether it is crop insurance, automobile insurance, fire insurance or whatever it may be. I think the position simply was that the feeling had been that there was no particular need within the province for crop insurance of this type because they had not experienced a relatively serious crop loss problem, until 1964, and again in 1965. I think it is just a build-up of various things; as the need becomes greater the need is recognized.

(Translation)

Mr. GAUTHIER: Would this not have been due to the premiums to be paid partly by the farmer, partly by the Provincial Government, partly by the Federal? What is the proportion of premium paid by the farmer if new discussions were started?

(English)

Mr. WILLIAMS: Well we can only talk in generalities here. In so far as the premium is concerned, at the present time the producer pays 80 per cent of the premium, the federal government pays 20 per cent of the premium and, under



the agreements currently in effect, the federal government pays 50 per cent of the administrative costs and the provincial government pays the other 50 per cent. There is no requirement under the Act, however, that the province pay the other half of the administrative costs, but all the agreements to date that have been written specify. Therefore it really boils down to this, that for every 80 cents which farmers, as a whole, pay into crop insurance, they will collect one dollar—as a whole, not as individuals, obviously. But, over the long period, for every 80 cents they pay in premiums, one dollar will be paid out.

(Translation)

Mr. GAUTHIER: Is this true of all provinces or are there provinces where the ratio is different and where the province pays a certain part of the premium?

(English)

Mr. WILLIAMS: I believe that the province of Ontario have announced, or made some indication at least, that their intention is that they might pay a portion of the premium. But, at the present time, no province has a program in effect under which they pay a portion of the premium.

(Translation)

Mr. GAUTHIER: Because I noticed that in past years, it has not cost the Federal Government so much as all that, because the premiums collected in have been higher than claims paid out, so that 20 percent which the Federal Government pays for the premium, is in my view,—I do not know whether you would have an idea about this,—but it seems the premium paid by the Federal Government is a great deal less than paid out, the government is not making so tremendous an effort generally speaking, to help the farmers in crop-insurance.

(English)

Mr. WILLIAMS: I think the answer here must lie in the area that the programs have been in effect for such a relatively short time that it is impossible to say, at the present time, whether or not the total premium, including the federal contribution, is or is not larger than is needed to ensure some type of actuarial soundness. It has really only been in effect the longest time in any province for five years, which means—five crops, so it is really not possible to tell.

The premium structure in the province of Manitoba, for example, is based on 35 years' experience. Theoretically, at least, it will take another 35 years to balance out these premiums. If the premiums were calculated perfectly, it would take another 35 years or a complete repetition of the period under which the premiums were calculated, in order to balance out the premiums and the expenditures. Obviously, nothing that deals with weather and climatic conditions, insect pests and things of that nature, can possibly be exact enough to say that it is going to repeat, but this was the basis that was used.

(Translation)

Mr. GAUTHIER: A final question. You were present at the time of the last meeting, I refer to the meeting with the province of Quebec; do you think that Quebec is going to decide upon a program that would be acceptable to the farmers, and provide them with crop-insurance?

(English)

Mr. WILLIAMS: We have not had a presentation from the province of Quebec, it has only been at the discussion stage. However, speaking personally and of my personal knowledge of what they are proposing, I can see no reason why an acceptable program, both from the standpoint of its legal position under the Act and of the producers of the province of Quebec—cannot be developed.

(Translation)

Mr. GAUTHIER: Nothing has been submitted officially, yet?

Mr. WILLIAMS: We have not had an official presentation from the province of Quebec for official approval of a program. We have had many discussions with them at various stages and, after each discussion, both parties go away and review the entire situation.

I think I said earlier that I do not believe at the present time there are any basic differences of philosophy between our administering the federal act and those responsible for the development of proposed programs within the provinces of Ontario and Quebec, and the other provinces, for that matter.

Mr. PETERS: I have a supplementary question on this. Is it not true that because of mixed farming in Ontario and in the province of Quebec, it is almost impossible for the farmer to decide what he is going to insure? In the case of St. John I think one of the factors was the forage crop and how to insure it, and what percentage of the farm income would that be. Is this not part of the problem that a farmer, to insure his hens, egg production, wheat, corn, and whatever else he has, would get into such an expensive proposition that nobody would ever be able to afford it. It is all right for the west where they are talking about one commodity, but in Ontario and in Quebec the farmers have refused insurance because they do not know what to insure.

Mr. WILLIAMS: The major problem, of course, in Ontario and Quebec, has been the development of a program that would, in essence, cover the animal feed, because, as you pointed out, basically it is a mixed farming community, where their returns largely come from the sale of animals or animal products.

This boils down very much to a possibility of assessing forage yield, including pasture and so forth. We have had one of our economists, who has worked in this area, spend some time in Sweden. Sweden has quite a highly developed program that does provide a very acceptable coverage and one that is approved by a very large percentage of their farmers, along the lines you have discussed. Based on this program, or modifications of it, I do not believe there is going to be too much difficulty. There will be difficulties, of course, but it certainly will not be impossible to develop quite a workable program.

(Translation)

The VICE-CHAIRMAN: A supplemental question, Mr. Gauthier?

Mr. GAUTHIER: I have a supplemental question to ask. He was saying a minute ago that in Quebec, because of low production in certain areas, it would be rather difficult to extend insurance to Quebec farmers. I do not see why you could not take \$4,000, \$5,000, \$10,000 or \$50,000 insurance, the premium is the same. I do not see why it should be more difficult to insure forage crops or potatoes or corn in Quebec, why would it be more difficult to insure these crops, is it because we have not a sufficient production.

Mr. CLERMONT: We have a diversified production, that is the problem.

Mr. GAUTHIER: He says we have a very diversified production, at least we have a more diversified production than in the West.

(English)

Mr. PETERS: Mr. Chairman, this question he is asking is, I think, the crux of the problem of insurance. I would like to ask is it not true that you have to insure a commodity, you cannot insure a combination of products. If you insure your forage crop that is what you would be insuring; if you insure your grain crop you would be insuring that, but you do not insure a combination of them, is this not true?

Mr. WILLIAMS: There is no basic reason why, if a province so desired, it could not develop a program that would insure animal feed in some type of definable unit. It could be carrying capacity in animal units of the total farms.

Mr. PETERS: Is this not the problem they are having in the province of Ontario and in Quebec, in the federal crop insurance program.

Mr. WILLIAMS: Not exactly; it is associated with that but the basic problem really is: How do you decide what is a normal yield for a hay field or a pasture and then how do you decide what was the actual yield during the year of disaster.

Mr. DANFORTH: Mr. Chairman, following the line of thought of my colleagues here, I am very interested to know why there has been such a delay in the provinces of Quebec and Ontario availing themselves of crop insurance. Could it be that in these two provinces, where such specialized crops as tobacco are grown and where the normal yield per acre in dollar value is of a degree, that a premium to cover a 60 per cent loss would be extremely high, and that for farmers in this category large sums of money would be involved in the insurance of such specialized crops. Is there some administration difficulty in the providing of insurance to cover these specialized crops?

Mr. WILLIAMS: No, I would say there would be none at all, Mr. Danforth. While it is true that the total amount in dollars per acre might be high for a specialized crop, I believe you mentioned tobacco, premiums are expressed as a percentage and the percentage will depend upon its vulnerability as a crop, not its total return per acre. In other words, let us say that the percentage coverage is 60 per cent, if it is a \$1,000 crop he is going to have to pay \$60; if it is a \$100 crop he is going to have to pay \$6.

Mr. DANFORTH: I can appreciate that, Mr. Chairman, but the fact still remains that in Ontario, and I presume the same applies in Quebec, all these specialized crops such as celery, head lettuce, tomatoes, and tobacco are already covered by private insurances. Now is the crop insurance, as projected by the federal government, going to provide a comparable service for the same amount of premium or is the 20 per cent that the federal government has agreed to subsidize going to make the premiums in these particular crops cheaper and so provide the same coverage as the private companies but at a cheaper rate?

Mr. WILLIAMS: I think I must say here, Mr. Danforth, that in general the coverage provided commercially within the province of Ontario, for example, is a single risk coverage, not an all-risk coverage. It may be two risks but, in general, it is a single risk. For example, for tobacco it might be hail and frost, but in general it is hail.



In answer to your question, the same thing exists, for example, in the province of Manitoba, but the providing of all this insurance has not, at least to my knowledge, significantly affected the commercial sales of hail insurance. This is administered and sold on quite a different basis and people there still take out hail insurance, despite the fact that they do have all-risk insurance.

Mr. DANFORTH: Well, can you explain why it would be necessary to take out a specific insurance if you are covered by an all-risk insurance? I fail to understand this.

Mr. WILLIAMS: Well, I think it goes something like this; it depends on the thinking of the man buying it, and you are asking me to interpret what he is thinking: Under an all-risk insurance at the present time in the province of Manitoba he can get a return—supposing his crop is wiped out—equivalent to 60 per cent of the long term average, and he gets it on his holdings as a whole. I believe this question was covered earlier by Mr. Jorgenson but he may have mentioned different places.

On the other hand, hail insurance is administered quite differently and is not normally sold until the crop is fairly well advanced and the man has a pretty good idea of whether he is going to have a big crop. He normally buys hail insurance when he knows he is going to have a pretty big crop, not when he knows he is going to have an average or a small crop. That is what he hopes, at least. He will buy it when he sees the hail-stones start to fall.

Let us take an area in Manitoba, supposing the long term yield is 20 bushels to the acre, 60 per cent of that is 12 bushels to the acre, so he can get a return equivalent to 12 bushels to the acre. He could easily, in a particular year, estimate his crop to be a 40-bushel crop, if it did not get hailed out, so he can insure it under a hail insurance program for the full 40 bushels and, if he gets a loss, he gets paid for the 40 bushels.

In addition to that, hail insurance is administered and the premium rate is constructed, in quite a different manner, so that if he had a field remote from his others and this was wiped out completely, he would be paid on that field, he would not have it averaged into the rest of it. The reason why, under the all-risk crop insurance, these are averaged in, is to cut down premium rates. If you average in the man's entire holdings, the premium rate will be less than if you give him a specific coverage on each one of his separate fields.

Mr. DANFORTH: Would it be possible, then, under this situation, to collect double payment on a crop; one under the all-risk, as provided by the provincial, and the other under specific hail insurance?

Mr. WILLIAMS: It is possible. If a man, for example, had all his holdings wiped out by a hail storm he could collect under both, I believe.

Mr. JORGENSEN: Hail insurance is not in competition with all-risk crop insurance in Manitoba—it is complementary.

Mr. DANFORTH: Under this I presume, then, the different interwoven factors would depend on the scheme as set up by the province. However, under a crop insurance policy for Ontario, where, in particular areas, we do find ourselves subjected to almost annual hailstorms, would not hail be part of the all-risk coverage?

Mr. WILLIAMS: They could exclude hail, they could include hail; this would depend upon the way in which they wish to write their policies. We would not of necessity object, irrespective of what decision they made concerning that. They probably would make it all-risk, would probably include hail and, if the man was hailed out, he would be paid based on an average of all his property, presumably up to 80 per cent—or up to 60 per cent at the present time—or up to whatever level of coverage he may have bought.

Mr. DANFORTH: Well then, to get back to my original question. Would it not be possible, then, under a joint scheme, either in Ontario or across Canada, to provide the necessary coverage for crop insurance in Ontario at a cheaper rate than the farmers are now obtaining due to the fact that under the provisions of the federal scheme 20 per cent premiums are being paid?

Mr. WILLIAMS: Within the limitations of the legislation, yes. But, I think there is a major difference here, namely that under the federal legislation it is not possible to provide coverage for other than the long term average.

The CHAIRMAN: Excuse me, Mr. Williams, we will have to adjourn because another committee is meeting here.

I would like to inform the Committee that the Board of Grain Commissioners will be here on Thursday and, if necessary, we will meet two or three times next Thursday and we will be back on Friday with the Agricultural Stabilization Board and finish crop insurance.

Mr. WATSON (*Assiniboia*): Mr. Chairman, could I just ask Mr. Williams if hail is covered in crop insurance in the western provinces?

Mr. WILLIAMS: That is right.

The CHAIRMAN: The committee stands adjourned until next Thursday.

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**LÉON-J. RAYMOND,**  
*The Clerk of the House.*



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 17

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Respecting

Estimates (1966-67) of the Department of Agriculture

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THURSDAY, JUNE 16, 1966

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WITNESSES:

*From the Board of Grain Commissioners:* Mr. F. F. Hamilton, Chief Commissioner; Mr. A. V. Svoboda, Commissioner; Mr. C. L. Shuttleworth, Commissioner; Mr. W. J. MacLeod, Secretary to the Board; Mr. V. Martens, Assistant Secretary; Mr. M. M. Ainslie, Chief Grain Inspector; Mr. E. E. Baxter, Chief Statistician; Dr. G. N. Irvine, Chief Chemist

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Herridge,	Mr. Peters,
<i>Wolfe</i> ),	Mr. Honey,	Mr. Pugh,
Mr. Beer,	Mr. Hopkins,	Mr. Rapp,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Ricard,
Mr. Choquette,	Mr. Johnston,	Mr. Roxburgh,
Mr. Clermont,	Mr. Jorgenson,	Mr. Schreyer,
Mr. Comtois,	Mr. Lefebvre,	Mr. Stafford,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stefanson,
Mr. Danforth,	Mr. Madill,	Mr. Tucker,
Mr. Éthier,	Mr. Matte,	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Faulkner,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	<i>guay-Huntingdon-</i>
Mr. Gauthier,	Mr. Neveu,	<i>Laprairie</i> ),
Mr. Gendron,	Mr. Noble,	Mr. Yanakis—(45).
Mr. Godin,	Mr. Nowlan,	
Mr. Grills,	Mr. Olson,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

THURSDAY June 16, 1966.  
(20)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:40 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Beer, Clermont, Crossman, Danforth, Forbes, Gauthier, Gendron, Herridge, Honey, Horner (*Acadia*), Johnston, Jorgenson, Lefebvre, MacDonald (*Prince*), Madill, Moore (*Wetaskiwin*), Muir (*Lisgar*), Noble, Nowlan, Peters, Pugh, Rapp, Schreyer, Tucker, Watson (*Assiniboia*), Whelan (26).

*Also present:* Messrs. Howard and McCutcheon.

*In attendance: From the Board of Grain Commissioners:* Messrs. F. F. Hamilton, Chief Commissioner; A. V. Svoboda, Commissioner; C. L. Shuttleworth, Commissioner; W. J. MacLeod, Secretary to the Board; V. Martens, Assistant Secretary; M. M. Ainslie, Chief Grain Inspector; E. E. Baxter, Chief Statistician; Dr. G. N. Irvine, Chief Chemist.

*From the Department of Agriculture:* Mr. John W. Channon, Special Adviser.

The Committee stood item 15, Production and Marketing and called item 50, Board of Grain Commissioners, of the Department of Agriculture estimates for the fiscal year 1965-66.

The Chairman then introduced Mr. F. F. Hamilton, Chief Commissioner of the Board of Grain Commissioners who in turn introduced the officials with him.

Mr. Hamilton made a short statement and the Committee proceeded to question him and his officials on his estimates.

At 11:00 o'clock a.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to 1:00 o'clock p.m. this day.

## AFTERNOON SITTING (21)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 1:11 o'clock p.m. this day. The Chairman, Mr. Whelan, presiding.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Clermont, Comtois, Crossman, Danforth, Gendron, Horner (*Acadia*), Johnston, Madill, Moore (*Wetaskiwin*), Neveu, Rapp, Schreyer, Tucker, Watson (*Assiniboia*), Whelan, Yanakis (17).



*Also present:* Messrs. Pascoe, Simpson and Southam.

*In attendance:* The same as at the morning sitting.

The Committee resumed questioning the witnesses from the Board of Grain Commissioners.

At the request of Mr. Clermont, it was agreed that the Board of Grain Commissioners supply figures on the stocks of grain available as of December 31, 1965 and March 31, 1966, at the elevators at Prescott, Montreal and Quebec and that these figures be appended to the proceedings and evidence of this day. (*See Appendix I*)

On motion of Mr. Horner (*Acadia*), seconded by Mr. Clermont,

*Agreed*,—That item 50, Board of Grain Commissioners, of the estimates of the Department of Agriculture for the fiscal year 1966-67, carry.

The Chairman and members of the Committee offered their thanks and congratulations to Mr. Hamilton and his officials.

At 2:30 o'clock p.m., the Chairman adjourned the Committee to 9:30 o'clock a.m. Friday, June 17, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

THURSDAY, June 16, 1966.

● (9.30 a.m.)

The CHAIRMAN: We will start the meeting immediately. We have to be out of this room by 11 o'clock because the Committee on Public Accounts will be using the room at that time.

We have another meeting scheduled for one o'clock should our progress not be fast enough or should some members still have questions to ask.

I will try to introduce the people who are here today or perhaps it might be better if Mr. Hamilton, the chief commissioner, who is on my immediate right, were to introduce his people. I think this would probably be better; there would be no mix up.

Mr. F. F. HAMILTON (*Chief Commissioner, Board of Grain Commissioners*): Thank you, Mr. Chairman.

Good morning, gentlemen. I will start with Mr. MacLeod, secretary of our board; Mr. Martens, assistant secretary; Mr. Baxter, chief statistician; Mr. Ainslie, chief grain inspector; Dr. Irvine, chief chemist; my fellow commissioners, Mr. Svoboda and Mr. Shuttleworth; and Mr. Shannon who is the Minister's representative.

The CHAIRMAN: Before we go any further I think it would be proper to have Mr. Hamilton make a statement at this time.

Mr. HAMILTON: We are very pleased to have this opportunity of meeting with the Committee to go over the work we have been doing on the Board of Grain Commissioners. We are very pleased, of course, that the longshoremen strike is over and hope that from here on in there will be no further snags.

We have not got an annual report which we can put before you. There is delay in the printing. We have distributed copies of the organization and functions of our board in French and English and we hope that you can use this as a guide.

The CHAIRMAN: Mr. Hamilton will briefly outline the responsibilities of the board before the questioning takes place.

Mr. HAMILTON: Our board was originally set up in 1912 to administer the Canada Grain Act. This gives us general supervision over all grain-handling in Canada.

We license all country elevators, mill and terminal elevators, and from the Lakehead west the Canada Grain Act makes it mandatory that we inspect and officially weigh all the grain. In the eastern division, from the Lakehead east, inspection and weighing are on request. We feel that once the grain has been

officially weighed and inspected through the Lakehead it is just an extension of the transportation system down the St. Lawrence.

We have over some 1,000 employees on the board. We have the Canadian government elevator system which we operate. This includes two terminals in Saskatchewan, three in Alberta, and one port terminal, Prince Rupert, on the west coast.

Our board is composed of six principal branches. Mr. Ainslie, chief grain inspector, is responsible for official inspection; Dr. Irvine, director of research, is responsible to back up the inspection branch and assist us in answering any complaints from overseas on Canadian grain. We are responsible for establishing and maintaining the standards of Canadian grain and, of course, we have to answer any complaints from overseas on Canadian grain. Mr. Baxter, our chief statistician, is responsible for all the paperwork, warehouse receipts, the issuing and cancelling, handles the banking papers, and is responsible for the licensing and bonding of all the elevators. Mr. Wilson, the general manager of our Canadian government elevator system, is not here today. Another department is our weighing branch; they are not represented here today either.

I have just a few general remarks to make. Things have been going very well as far as the Board of Grain Commissioners are concerned. There is a large grain movement, and no more than the ordinary number of snags and complaints from overseas. One difficulty we have is in deciding whether the overseas complaints are proper, formal complaints or whether they are just snags. To separate them into either one of these categories is a little difficult. So far as the board is concerned, we are very satisfied this year.

Apart from the people here, we do have four assistant commissioners who continually travel the three prairie provinces. We have one in Alberta, two in Saskatchewan and one in Manitoba. These people keep in very close contact with producers and with the elevator operators. There are some 5,000 country elevators in western Canada, and we try to visit each one of these elevators at least once every two years. You can see that this keeps these fellows on the road most of the time.

Formal, written farmer complaints have been very few in the past few years, and, of course, we hope it will continue this way.

I do not think I have anything more to say at this time, Mr. Chairman.

The CHAIRMAN: We will start the questioning.

Mr. MUIR (*Lisgar*): Mr. Chairman, I think all farmers in western Canada realize the importance of the Board of Grain Commissioners to our grain trade and to the farmers themselves, in that they look after the quality of the grain and the moisture, and so on and they accept the handling charges. It is on this very topic that I would like to ask a question or two. How are the handling charges for country elevators arrived at? I know that you have representation from the elevator companies. How do you know what rate to give them so that they know what they can charge the farmers?

Mr. HAMILTON: This is a very good question. It is because of things such as you have brought up that we have an economist on our board, Mr. Baxter, and I would like him to say a few words on this.



Mr. E. E. BAXTER (*Chief Statistician, Board of Grain Commissioners*): Mr. Chairman, the procedure that has been followed for a considerable number of years is what I might term establishment by adjustment in relation to previous levels. The grain companies and other organizations are invited to appear before the board at a public hearing and make representation as to their feelings, or their wishes, regarding the adequacy of the existing levels, any reasons for increases, or recommendations for adjustments downward.

The companies will present facts and figures and verbal argument with respect to changes in costs, and these have been quite definite particularly during recent years. Increases in taxation, increases in labour costs and capital costs, as reflected by the increased cost of building new elevators—rising construction costs—these factors are assessed by the board subsequent to the hearing.

At the time of the hearing, I might add, any other party is quite at liberty to bring forward counter-arguments. If a particular company, or particular group, suggests that the existing tariffs are not adequate, that may be argued right at the hearing.

Subsequent to the hearing, the board sits in deliberation on the various facts brought forward, requests any additional information which it may feel necessary from the companies, or requests them to bring forward statistics bearing on the accuracy of the cost figures, on the accuracy of the revenue figures, and after due consideration of these factors, arrives at its decision whether the tariffs should be retained at the present level, whether they should be increased, or whether they should be lowered.

Mr. MUIR (*Lisgar*): My other questions have to do with the quality, and I am wondering why the board felt it necessary to change the moisture content for dry grain from 14.5 down to 14?

Mr. HAMILTON: Dr. Irvine, would you answer this question, please?

Dr. G. N. IRVINE (*Chief Chemist, Board of Grain Commissioners*): This actually had reference to the method to determine moisture. In recent years there has been established an international association for cereal chemistry, with representation from 26—I think it is actually now 30—different countries interested in either buying or selling grain. These people have in recent years adopted standard, agreed methods for determining moisture. The method that we had previously been using, the Brown-Duvel method that was standard for moisture in Canada, had been in effect for some 40 years. This actually gave results which were approximately one half of one per cent below those obtained by more modern methods, and particularly by the standard method adopted by the ICC.

What happened in this case was that it was considered expedient to up-date our system, in that Canada should, we felt, be reporting moisture in grain on the best possible scientific basis. What happened was that we changed the calibration of our moisture meters from being based on the Brown-Duvel system to being based on the standard reference methods agreed to by this international association.

Mr. MUIR (*Lisgar*): It has been my experience, Mr. Chairman, that grain harvested at 14.5 would probably reduce the one half per cent anyway before it

was shipped overseas. In other words, grain harvested at 14.5 is still dry regardless of whether the new method says that it is or is not. We have been shipping grain, as you say, for 40 years at 14.5, and this grain has shown that it can be kept over a long period of time. As far as I am concerned, I think the half per cent made it a little tougher for the farmers to be able to harvest what you would call dry grain.

Mr. HAMILTON: You are quite right, Mr. Muir. The short answer is that, in the light of up-to-date scientific methods, we just were not telling the truth on the moisture content of Canadian grain, and it was mainly because of this that we made the change. We feel that we are now giving a true figure.

Mr. MUIR (*Lisgar*): I have two short questions, Mr. Chairman.

I would like to know how the Board of Grain Commissioners set the standards for the grades at the beginning of each year. I understand this is what happens, and I am wondering how this is done.

Mr. HAMILTON: Thank you. Mr. Ainslie, would you answer this?

Mr. M. M. AINSLIE (*Chief Grain Inspector, Board of Grain Commissioners*): As soon as the crop starts to come off the three prairie provinces, under my direction we collect in the neighbourhood of a thousand or more two-bushel bags of grain from various parts of western Canada. We try to get the best possible distribution and spread over the whole range of quality that is likely to be delivered to country elevators. When we think we have a good representative sample from all the areas we prepare standard samples, based on the quality we expect to receive, as nearly as possible to represent all the types of damage that will show up when the grain is delivered to the elevator system.

The standard sample is used in making our export standard. The export standard is prepared by using a standard which is a minimum, using those parts of the average to one part of the minimum, which makes the export standard sample just slightly below the average in quality as it would be received into the terminal elevator.

These standard samples and export standard samples are approved by the western committee on grain standards at the meeting which is called just as soon as possible after the material is collected and prepared. They may approve or disapprove of them, as they see fit.

Mr. MUIR (*Lisgar*): Do you find that the grading is a little tougher at the start of the season than it is, say, a month or two after?

Mr. AINSLIE: This is something we have heard from farmers at different times, but actually we feel that our grading is consistent throughout the year and that this complaint we occasionally hear is as a result of something that happened at the country level.

Mr. MUIR (*Lisgar*): I do not want to take up the whole time of the committee. I just want to ask one more question, Mr. Chairman, and it is this: Perhaps Mr. Hamilton would care to explain to the Committee how the operation of the board is financed.

Mr. HAMILTON: Mr. Chairman, the operation of our board is financed, of course, by parliamentary appropriation. We have to submit estimates to the government.

We levy fees for weighing and inspection services and we charge a fee for issuing the licence to every country, mill and terminal elevator. We are trying to make the weighing branch and the inspection branch—branches which give service—pay their way. We are not trying to have the whole operation pay its way, because our executive branch and our statistics branch and our research branch do not generate revenue. The figures I have before me here—the last figures we have for the fiscal year 1965-66—show that we had an expenditure of \$7,191,000 and our revenue was \$6,188,000. This just about works out the way we would like it. Our inspection and weighing branches are paying their way.

Mr. MUIR (*Lisgar*): That answers the question. You charge for the licensing of the elevators and also of the operators.

Thank you very much, Mr. Chairman.

Mr. FORBES: Could I ask just a supplementary? I want to ask the board if, at the time they reduced the moisture content, they took into consideration the fact that this would mean a difference of about four cents a bushel to the farmer.

Mr. HAMILTON: Yes, this is quite true. We did consider this point.

Mr. FORBES: There have been a lot of complaints in my area about this, particularly last fall. The claim that the time has arrived now, with your moisture content, where it will be almost impossible for a farmer to get dry grain. It really is quite a serious matter.

● (10.00 a.m.)

Mr. HAMILTON: Of course, there are arguments on both sides on this question, but over-all we felt that this move was justified and we have had very few complaints from producers, Mr. Forbes.

Mr. PUGH: May I ask a supplementary on this? Mr. Muir suggested that there was a dry out after we seeded the grain at the terminal where we had it. Is this taken into account? In other words, before you ship to the customer is there a reassessment of moisture content?

Mr. HAMILTON: Mr. Ainslie?

Mr. AINSLIE: Mr. Chairman, the grain is tested at the country elevator, generally speaking, by the country elevator operator, and he, being anxious to buy in competition, generally extends the limit of moisture which he will accept so as not to cut it too fine on the 14.5 cut-off. However, when the grain is shipped to the terminal it is officially inspected then and the 14.5 is a definite cut-off except for a very minor allowance of two-tenths of one per cent which we make for errors in the electronic testing equipment we use. On wheat, for example, at 14.7 we would call it straight.

Mr. PUGH: Therefore, you would say that the farmer—the grain grower—does, to a certain extent through the use of the trade, get the benefit on this dry out?

Mr. AINSLIE: Yes.

Mr. PUGH: Thank you.



Mr. CLERMONT: Mr. Chairman, may I now direct a question regarding the six branches, or should I do it branch by branch when they will be called?

The CHAIRMAN: You mean on this summary?

Mr. CLERMONT: Yes. I think the first question that was asked was on the basis of moisture. My question is this: Can we ask questions generally about the six branches, or do we ask our questions when the branch is called by you?

The CHAIRMAN: Mr. Hamilton, the chief commissioner, would prefer to have them discussed generally, but it is up to the people here if you want to do it another way.

Mr. CLERMONT: Usually for the other estimates our questions were asked when the branch came up.

The CHAIRMAN: All right. We will follow it branch by branch if that is the desire of the Committee. Are there any objections to doing it branch by branch? This is the procedure we followed before, and I think this is what Mr. Jorgenson meant by his comment, too, that he was wondering when we were going to follow that procedure.

Mr. MUIR (*Lisgar*): Mr. Chairman, you will notice that the first one is general. If you cannot ask any kind of a question under "general", I do not know what you can ask. I think if you ask the general questions you are going to pretty well get what the Board of Grain Commissioners are doing in their functions, and the details of how they are working.

Mr. CLERMONT: Mr. Chairman, I have no objection, but what may happen, though, is that members may ask their questions and leave a few minutes later. I have no objection at all. If it is the general opinion of the Committee that we can ask all kinds of questions, I have no objection.

Mr. JORGENSEN: I would suggest, looking over the statement that has been prepared by the department, that it would be rather difficult to confine your questions to one particular point because there is so much of the operations of the Board of Grain Commissioners that overlap. I notice that Mr. Howard is here, for example, and on page 5 there is an item that deals with the elevators at Prince Rupert. I know we can expect to hear from him. I do not think he can contain himself until we get to page 5.

I would suggest that we just ask them as you accept them, in the order that they have indicated that they want to speak.

The CHAIRMAN: For the benefit of some of the members who came in late, Mr. Hamilton, the chief commissioner, has pointed out that the reason that the report is not before the members of the Committee is because it is not yet printed in both English and French. The report has not yet been tabled, and that is why we have not got it. Some members have been asking for the report.

If you have your estimates before you it is on page 33. If you have not studied it it might be a good idea to follow this on the line of questioning. You can follow the expenditures of the board, what they propose to spend for 1966-67. It will give you a good idea of the expenditures, and where they get their money.

I would think, Mr. Clermont, that we would just ask general questions and try to see what headway we can make.

Mr. CLERMONT: Mr. Chairman, I would like to ask a few of my questions in French, if that is all right.

The CHAIRMAN: Yes, that will be quite all right.

(Translation)

Mr. CLERMONT: My first question, Mr. Chairman, is this one: Who nominates the Assistant-Commissioners?

(English)

Mr. HAMILTON: The assistant commissioners, Mr. Chairman, are appointed by Governor in Council. There are four assistant commissioners.

(Translation)

Mr. CLERMONT: My second question: What do you mean by saying "When required, the Board establishes maximum charges for the conveyance of grain over the lakes."

(English)

Mr. HAMILTON: Mr. Chairman, we are responsible for administering the Lake Freight Rates Act, and our board had established maximum lake freight rates for the carriage of grain, but with the advent of the St. Lawrence Seaway the rates have fallen so far below the maximum we had set that it is unnecessary to set maximums now. They are about four cents a bushel below the maximum set by our board.

(Translation)

Mr. CLERMONT: My next question is in the field of inspection. You say there is a team of inspectors at Baie Comeau Elevator. Is Baie Comeau a public, semi-public or private elevator?

(English)

Mr. HAMILTON: Baie Comeau is classed as an eastern elevator under our Act.

Mr. CLERMONT: Yes, but at Baie Comeau elevator you have a group of inspectors, according to your report. Are there such inspectors at Montreal, Sorel, Three Rivers and Quebec? Your report mentions only a group of inspectors at Baie Comeau elevator. There is no mention of Quebec.

Mr. HAMILTON: Our office, of course, is in the city of Montreal, and, on request, we service all the elevators on the St. Lawrence.

Mr. CLERMONT: On request only.

Mr. HAMILTON: All export grain must be inspected, but on request we do this for American grain.

(Translation)

Mr. CLERMONT: My other question is in regard to statistics. If the reserves seem to be too low at certain periods, for domestic purposes or for export, do you advise the Canadian Wheat Board of that fact?

(English)

I am speaking for the eastern farmer. Say, for instance, during the winter months? You have said that you inspect the elevators and weigh the grain, and so on. If your inspectors find out, for instance, that the wheat or barley reserve is too low to meet the market demand, would your inspectors advise the Canadian wheat board?

Mr. HAMILTON: No, Mr. Chairman, we do not normally enter into this side of it at all.

Mr. CLERMONT: That means that it is up to the Canadian wheat board to have sufficient wheat, barley and oats, for instance, at Fort William to meet the eastern demand?

Mr. HAMILTON: Yes, Mr. Chairman, that is it.

Mr. CLERMONT: Regarding elevators, I understand for the east you have one at Prescott. Is it province or government owned?

Mr. HAMILTON: This elevator is owned by the national harbours board. It is owned by the government.

Mr. CLERMONT: What is the difference between what you call the terminus elevator or Prescott elevators?

Mr. HAMILTON: I will ask Mr. Baxter, who licenses these elevators, to answer this question.

Mr. BAXTER: Mr. Chairman, with regard to what the members probably recognize, from its physical structure, as a large size terminal elevator—in other words, in comparison to a mill or a country elevator—there are two principal classes. There is the semi-public licence, which applies to the elevators chiefly at the Lakehead, Churchill, the Canadian government elevators on the prairies and the elevators on the Pacific coast. The other class of licence covering these large 5 million or 10 million bushel size elevators is the eastern licence.

The semi-public elevator has several distinctions as against the eastern elevator in that in the semi-public elevator our inspectors and weighmen are in the elevator inspecting all the grain that is received, weighing all the grain in, and inspecting and weighing the same grain as it is discharged.

These elevators are limited in the type of operation that they may perform with respect to this grain. The principal distinction is that there is no mixing permitted in the top grades of wheat. They perform other functions in cleaning and drying—processing the grain in that sense—again under the general supervision and control of our inspectors. Their stocks must be registered and the registration of these documents must be validated by the board of Grain Commissioners.

The eastern elevators originally built and operated as transfer elevators for the forwarding of western grain and eastern-grown grain for export have certain limitations, in turn, on their operations in that they are not allowed to mix any grain. Their principal function is that of a transfer elevator. They do not process grain in the sense of cleaning it or treating it by drying, or anything of that sort. This class of eastern licence, applies to those elevators



extending from the bay ports—that is, Port McNicoll, Collingwood, et cetera—through to Baie Comeau and down to Halifax and Saint John.

Does this answer your question?

Mr. CLERMONT: You mentioned that the eastern elevators are mostly for export grain. Why do we hear complaints from the eastern farmers that, during certain periods of the year, especially in the spring, there is a shortage of stocks available and that prices are going up at these periods? Secondly, is it in your line of duty to report to the government if there is a shortage of elevators in a region or part of the country?

Mr. HAMILTON: No, we do not feel this is within our responsibility at all.

The CHAIRMAN: It is beyond the scope of the Board of Grain Commissioners.

Mr. CLERMONT: I note in the estimates for 1966-67, Mr. Chairman, that for overtime there is an estimated increase of \$50,000. Do you expect more overtime work?

Mr. HAMILTON: Because of the unprecedented demand for Canadian grain our staff are required to work more overtime this year than ever before.

Mr. CLERMONT: Does that mean that there would be an increase of about \$75,000 on overtime work?

Mr. HAMILTON: I expect so.

Mr. CLERMONT: Thank you, Mr. Chairman.

Mr. HORNER (*Acadia*): At the bottom of the first page you suggest that “—in addition to the above branches, the board is required under the Canada Grain Act to constitute committees on grain standards—” and then you go on to say “—and grain appeal tribunals.” What constitutes, and how does one get a sample to appear before, a grain tribunal?

Mr. HAMILTON: Mr. Ainslie, will you answer this, please?

Mr. AINSLIE: Mr. Chairman, the normal process of re-inspection on an official inspection of a carlot, or a cargo, is for the party who has shipped the grain to ask the chief inspector to perform a re-inspection, and if, in his opinion, he does not get satisfaction from this process—in other words the grade is not changed, or the dockage—then he may ask to have the sample placed before the grain appeal tribunal. This generally applies to carlot shipments received into licensed terminals. To do this he makes out an application for appeal and the sample in its entirety and the application are turned over to the chairman of the appeal tribunal. This is out of the scope of the inspection branch of the board at this point. There is a \$3 fee for appeal and it goes before the tribunal. The chairman calls one from both sides, a representative of the producers and a representative of the grain trade, and they sit on the appeal and they set the final grade and dockage for the sample. From this there is no recourse.

Mr. HORNER (*Acadia*): This has to do with carloads or boat loads, and not direct truckloads from the farmer?

Mr. AINSLIE: That is correct. The only process for official inspection, for example, of grain received into a country elevator, is through the provisions and the regulations of the board for samples to be drawn by both parties and submitted to the chief inspector, or his representative, subject to grade and dockage.

Mr. HORNER (*Acadia*): I have an example here where a farmer claims that he sent two samples of identical wheat in to the Board of Grain Commissioners and got two different grades back. He was naturally condemning the Board of Grain Commissioners.

Mr. AINSLIE: Mr. Chairman, we have heard of this in the past where, in some cases, farmers actually sent in as many as five samples supposedly from the same pail of grain. When it came down to the final comparison the samples were not exactly the same.

Mr. HORNER (*Acadia*): I did not see the grain and therefore I cannot say, but this was a complaint to me earlier this spring. He gave me the tickets and everything else.

With regard to Baie Comeau, what percentage of this elevator is used by Canadian wheat?

Mr. HAMILTON: Mr. Baxter, will you run over the licensing?

Mr. BAXTER: Mr. Chairman, the arrangement under which the licence at Baie Comeau is issued is that their stocks of United States grain are regarded as in reverse. Their stocks of United States grain must not at any time exceed one per cent of their total storage capacity.

Mr. HORNER (*Acadia*): In other words, we have up to 60 per cent?

Mr. BAXTER: We have up to 60 per cent.

Mr. HORNER (*Acadia*): With regard to the government elevators on the prairies—I am thinking of Saskatoon and Lethbridge, and possibly Calgary—has the Board of Grain Commissioners at any time had the urge, or has there been any demand by the public for the Board of Grain Commissioners to operate these as licenced country elevators? Have you ever given some thought to doing this?

Mr. HAMILTON: Mr. Chairman, as far as I am aware there has been no demand from the public, but there is a great feeling on our part that we would like to operate these as country elevators—become licencees of the Canadian wheat board—and we are taking steps in this direction right now in a submission to the Canadian wheat board.

Mr. HORNER (*Acadia*): This would really put you people in the business of buying your own grain, in a sense, and it would also make use of this storage space which has gone idle for many years.

Mr. HAMILTON: This is true. We must depend completely now on the Canadian wheat board for any business, and if we could become licencees we could go out and get a little business.

Mr. FORBES: Could I add a supplementary? On this matter of storage, would this not add to the cost of handling this grain by field workers?

Mr. HAMILTON: Yes, there is an additional charge involved. The railways levy a stop-off charge because they have to take the grain in there and then go back and take it out again. But the storage rate of grain in Canadian government elevators is less than it would be in a country elevator. It is one forty-fifth of a cent a bushel a month—

Mr. FORBES: I am speaking of the final payment to the farmer. Is this going to reduce the final payment?

Mr. HAMILTON: No. We do not think this would reduce the final payment to the producer.

Mr. FORBES: If it is another charge what other effect could it have?

Mr. HAMILTON: Storage is considerably less in the Canadian government elevators than it is in a country elevator.

Mr. HORNER (*Acadia*): If I am wrong, Mr. Chairman, you can correct me, but if you operated them as a licensee you would be receiving the wheat directly from the farmer the same as another country elevator and there would be no real double charge? Am I right.

Mr. HAMILTON: This is true, yes.

Mr. HOWARD: Mr. Chairman, not wanting to disappoint Mr. Jorgenson and others. I do have an interest primarily in the activities of the Board of Grain Commissioners as they relate to the terminal elevator in Prince Rupert. Primarily, why I came along this morning was to see whether I could get some information. The first bit is that I take it that the board is not in a position, either because of finances or because of tradition, to finance the expansion of grain elevators, or to build grain elevators itself.

Mr. HAMILTON: This is quite true. We must get our money from the government of Canada.

Mr. HOWARD: Then I cannot very well argue that you should do something at Prince Rupert. I had assumed that this was the situation.

I wonder whether I could have the view of the board with respect to the proposed doubling of the capacity at Prince Rupert, or the twinning of the facilities there, from the point of view of what this would mean in an increase in volume of shipments? I am assuming that you have looked at all of these potentials in assessing the desirability of increasing the elevator facilities there, and I just wonder what it would mean in terms of increased shipments, or total potential shipments, on an annual basis; whether the increase would permit the elevator to expand into the shipment and handling of more than one grain, which I understand is the situation at the moment; and what would be the increased working capacity? That is about it, I think.

Mr. HAMILTON: Thank you, Mr. Howard.

The reason we are anxious to have an addition to the elevator at Prince Rupert is not primarily to increase the total shipments from the elevator. The fact is that the boats that are presenting for loading at Prince Rupert are now as large or larger than the elevator, and this means that there is no spare storage space in the elevator for screenings or any off-grades. It means that we



are required to work overtime, around the clock almost. The increased storage capacity was to give us a little bigger margin of safety in the operation at Prince Rupert.

As you are well aware we can handle only one grade at a time and one kind of grain, and it happens that the kind of grain that we require does not always come down. By the time it gets there and gets official inspection we find we have the wrong grades. These take up existing bins in the elevator and this further reduces the capacity of that terminal. Therefore, we are anxious to have an increase in capacity mainly to give us a more efficient operation rather than to see an expanded volume go through the elevator.

Mr. HOWARD: What would be the savings in overtime and casual rates?

Mr. HAMILTON: Offhand, I cannot answer that. We can get that figure for you.

Mr. HOWARD: I thought perhaps you would have had that. You had it in 1962 when you advanced the arguments that the elevator should be expanded. I think it was an estimated saving of some \$75,000 a year at that time. I just wondered if this had altered since then.

Mr. HAMILTON: Once again, we are solely dependant on the Canadian Wheat Board for the amount of business that goes through that elevator.

Mr. HOWARD: Have you worked out the effect, if they come into being, of the proposed increase in seaway tolls by the Seaway Authority, which would have an application to grain shipments? As I gather, it would tend to move the line of demarcation, so far as transportation costs are concerned, further eastward than it is now. If the tolls, as proposed by the seaway, go through what would this mean in terms of potential increased grain shipments through western or Pacific ports.

Mr. HAMILTON: This is really not a question for our board, Mr. Howard. It is obvious, as you say, that the higher the charges are going out through the east the more the breaking point is going to move towards the east.

Mr. HOWARD: I do not think there is any doubt that this breaking point will move, but just where is doubtful at the moment.

Mr. HAMILTON: That is true. We are responsible for establishing maximum lake freight rates, but since the advent of the seaway the rates have come down so far that they are away below the maximum established by the Board of Grain Commissioners.

Mr. HOWARD: Is your board consulted on, or do you take part in any way in, the engineering aspects or the preparation of plans for the elevator expansion in Prince Rupert?

Mr. HAMILTON: Yes, we do. Any terminal which hopes to be licensed by the Board of Grain Commissioners must have their plans approved by the board.

Mr. HOWARD: What is happening with respect to the plans for Prince Rupert? Are you reviewing this from the point of view of either re-engineering it in the hope of obtaining lower bids for its construction, or looking at it from the point of view of resubmitting it for tender in the hope that construction

companies will be a bit more sensible in their bids? Just what are you doing in this regard?

Mr. HAMILTON: An engineering study has been completed. We are certainly reviewing the plans we have received from the engineers to see whether it is not possible to resubmit in some different form which would be acceptable to the government.

Mr. HOWARD: Have you got any timetable on this?

Mr. HAMILTON: We are anxious to see it go through as soon as possible.

Mr. HOWARD: I wish you had a bit more influence with Mr. Greene.

Thank you very much, Mr. Chairman.

The CHAIRMAN: Thank you. Is this a supplementary, Mr. Schreyer? There are about four other members who have their names down before you.

Mr. SCHREYER: I would like to speak about Prince Rupert.

The CHAIRMAN: Mr. Jorgenson, what was your question?

Mr. JORGENSEN: I believe it was Mr. Baxter in reply to a question from Mr. Horner, who mentioned that the producers were represented on tribunals. I was wondering who normally represents the producers?

● (10.30 a.m.)

Mr. HAMILTON: Mr. Jorgenson, there are no producers on the appeal tribunal. There are producers on the western standards committee.

Mr. JORGENSEN: I thought he said that there was a representative of the producers on the appeal tribunal, and I wondered who was normally selected as the representative of the producers.

Mr. HAMILTON: Mr. Ainslie, would you answer this?

Mr. AINSLIE: Mr. Chairman, I may have left the wrong impression there. What I intended to indicate was that they are indirectly represented through the co-operatives.

Mr. HOWARD: Through the co-operative elevators?

Mr. AINSLIE: On the western appeal tribunal there are representatives of the Saskatchewan wheat pool, the Manitoba pool, united grain growers, and these people are appointed by their companies and approved by our board and appointed by our board to the appeal tribunal. Indirectly they do represent the producers' point of view.

Mr. JORGENSEN: I have another question here. I notice in the details of your expenditures that there is an increase of \$10,000 in advertising and publicity from \$1,400 to \$11,400, and also a considerable increase in publication of reports and other material. I was just wondering how you involve yourselves in publicity and public relations, and whether Parkinson had taken over here, as well.

Mr. HAMILTON: Not that I know of, Mr. Chairman. We have a film which we find very useful to show visiting foreign groups, and we are in the process

now of having a new film made up that will combine the work of our board and the Canadian wheat board. This is what the publicity item covered, Mr. Jorgenson.

Mr. JORGENSEN: I notice a considerable increase in the construction or acquisition of buildings, works and lands from \$475,000 to \$1,551,000. I was wondering what this entails?

Mr. HAMILTON: This was the money, Mr. Jorgenson, which we had hoped to get for Prince Rupert, and it is still in our estimates. It has not been cancelled; it is just a hold-out.

Mr. JORGENSEN: I see.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I wonder if they could give me the figures on the terminal elevators at Fort William and Port Arthur? This would be how many times the grain—the capacity—is turned over in a year.

Mr. HAMILTON: Mr. Chairman, the capacity at Fort William is just over one hundred million bushels. This year it is likely that the volume out of Fort William will probably run in the order of 300 million to 350 million bushels, which would be roughly three-and-a-half to four times turnover.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I am very interested in these inland terminal elevators. I realize that the Canadian wheat board comes up with the argument that the reason for not using them is the stop-off charges and the storage charges involved in handling grain. We have a capacity of 33 million bushels in the inland terminal elevators which, since the 1960-61 crop year, have handled only 47 million bushels; that is all that has been shipped out in the last five years. It seems to me that there is possibly a complete lack of use of these elevators, and if, as Mr. Hamilton mentioned, it had been recommended that these be turned into elevators which I presume farmers could use, was it the intention that deliveries would go straight to the elevators from the farms?

Mr. HAMILTON: Yes, Mr. Watson, that was the intention of our proposal.

Mr. WATSON (*Assiniboia*): Would they be used strictly for farmer delivery and be done away with as terminal elevators?

Mr. HAMILTON: The Canadian wheat board would still be free to use them for any emergency that should arise, such as drying, or cleaning grain for Churchill, and uses of this sort.

Mr. WATSON (*Assiniboia*): I have another question. Who actually controls the setting of the storage rate on these elevators? Is it the Board of Grain Commissioners, the Canadian wheat board—?

Mr. HAMILTON: The Board of Grain Commissioners controls storage rates. We control the maximum rate.

Mr. WATSON (*Assiniboia*): Has the board ever considered doing away completely with the storage charge on these terminal elevators?

Mr. HAMILTON: Not to my knowledge, Mr. Watson.



Mr. WATSON (*Assiniboia*): Is there any reason why it could not be done away with so that we would not have the arguments in the Canadian wheat board that this is the reason that they are not being used?

Mr. HAMILTON: We would be in hot water with the Auditor General. We are already, over the operation of our elevator at Lethbridge.

Mr. WATSON (*Assiniboia*): Well, I had some figures on this and I realize that on these elevators the labour for the last five years has been approximately \$4 million—\$3,964,000—and the payments in lieu of taxes have been \$109,000, and it would appear to me that we are spending \$4 million a year and they are just absolutely no good to us. We are not getting any service out of them. This is my reason for asking why we could not do away with these rates. We have spent \$4 million over the past five years, and this seems to me to be an exorbitant rate to be paying just to keep in operation a terminal elevator that we are not using.

Mr. HAMILTON: Certainly use is being made of the Canadian government elevators, Mr. Watson. It is just unfortunate that the one at Moose Jaw has not been used very much in the last few years.

We have some figures on receipts and revenues here: I can run over the receipts and shipments at the Moose Jaw elevator for the past four or five years, if this would be of interest to you.

Mr. WATSON (*Assiniboia*): Actually, the Moose Jaw one is not too much different from any of the other ones. I am specifically referring to Moose Jaw, Saskatoon, Lethbridge, Calgary and Edmonton.

Mr. HAMILTON: It just so happens that both of these elevators are very busy right now. As you are aware, Churchill was not filled last year. Therefore, before we start shipping from Churchill this year it must be filled and they used the Canadian government elevator at Saskatoon to clean up grain and ship clean grain to Churchill. They are working full blast on this right now.

The elevator at Moose Jaw, so far as I am aware, has an order for two million bushels of grain to be taken in and cleaned, and the grain is to be shipped as clean grain to Vancouver, at the request of the Canadian wheat board.

Mr. WATSON (*Assiniboia*): Mr. Hamilton, I believe that last week when Mr. McNamara was down here with the wheat board he stated that they were only going to put, I believe it was 600,000 bushels of wheat into Moose Jaw, and this was No. 6 wheat which was coming in from Alberta.

Mr. HAMILTON: I stand to be corrected, but there were to be two million bushels of wheat go in there very recently.

Mr. WATSON (*Assiniboia*): Into Moose Jaw?

Mr. HAMILTON: Yes, sir. I would like to add, Mr. Watson, that in the past six years we have only lost money on the operation of the Canadian government elevators. For the 1965-66 year we are predicting a loss of \$54,000.

Mr. WATSON (*Assiniboia*): This is on the five terminals combined?

Mr. HAMILTON: Yes; this is right. We have made money every year in the past five years, but this year we are forecasting a loss of \$54,000. Therefore, they do pay their way.

The CHAIRMAN: Have you any further questions, Mr. Watson?

Mr. WATSON (*Assiniboia*): No, I will pass.

Mr. RAPP: Mr. Chairman, on these terminals, I would like to get an answer to the complaints of farmers and the Hudson Bay Wheat Association and other prime organizations that the port of Churchill is not used to the full capacity. During the shipping season the most that was shipped, I think, was about 22 million bushels. The argument is that if, as you have just said, clean grain could be shipped from these country terminals to Churchill that would expedite the export of grain to this port.

Could not an effort be made, particularly this year, since we have lost about 30 million or 35 million bushels through the strike, to ship more grain to that terminal, to advance the season maybe a week or, maybe more, and also lengthen the season by maybe two or three weeks? People who know something about the Hudson Bay and its associations say that the season for shipping grain out of this terminus could be much longer than it is at the present time. Could you tell us, Mr. Hamilton, whether this could not be done?

Mr. HAMILTON: It is really not my business, Mr. Rapp, to even guess at this. I believe an all-out effort is being made and has been made to make the maximum use of Churchill. The elevator will be full of grain before the first boat presents itself. I do not see how it is possible to make greater use of Churchill. We feel that the elevator is being used to maximum capacity right now.

The CHAIRMAN: You are next, Mr. Schreyer. Are you finished Mr. Rapp?

Mr. RAPP: No, I am not. There must be some reason for an organization like the Hudson Bay Wheat Association talking about having the season advanced and also stretched out at the end. It is my opinion that whether it be the wheat board, or the grain board, or the grain commissioners, they should perhaps look into this matter and find out whether there is any reason for the complaint that there is not enough wheat going to Churchill and Hudson Bay.

Mr. HAMILTON: Mr. Rapp, the movement of grain through Churchill is strictly a Canadian wheat board matter. As I say, we are satisfied that the best possible use is being made of the elevator at Churchill right now.

The CHAIRMAN: I think, Mr. Rapp, if you consider the line of questioning by Mr. Jorgenson and the extra advertising which the board is contemplating for this year, that perhaps this will have the effect of keeping the people properly informed on the use of the elevator, and that it is being used to its capacity.

Mr. SCHREYER: Mr. Chairman, my question has been answered, at least in part, by Mr. Hamilton's last answer.

In the course of the last few years it has seemed more and more obvious that the length of the shipping season out of Churchill has been shorter than

normal conditions allow. I gather from Mr. Hamilton's last answer that this is something which has to be decided by the Canadian wheat board.

There is a second aspect to this, though. What about the decisions that have to be made relative to the size of terminal facilities there? Is this, too, something completely outside the jurisdiction of the Board of Grain Commissioners.

Mr. HAMILTON: Mr. Chairman, this elevator at Churchill is operated by the National Harbours Board people and is outside the jurisdiction of our board.

Mr. SCHREYER: I have one other unrelated question, Mr. Chairman. When changes were made in the grading standards as regards moisture content, I would assume that this resulted in a loss to grain producers. I would ask whether you have any estimates or figures with regard to the loss to grain producers as a result of the change in grading standards.

Mr. HAMILTON: I can just answer generally that any loss felt immediately by the producer will be more than overcome by the benefits so far as exports are concerned. Increased pressure from American exports was one of the factors which caused us to make this change. We feel that in the long run the producers will benefit from this.

Mr. SCHREYER: Mr. Chairman, did other major wheat exporting countries adopt the same standards at that time, or since?

Mr. HAMILTON: The Americans have made a change, but I think Canada has the dubious distinction of exporting so-called dry grain, with the highest moisture limit in the world.

I could add that of the complaints we have received from overseas in the past year complaints regarding moisture constitute the largest single factor.

The CHAIRMAN: Have you finished your questioning?

Mr. HERRIDGE: Mr. Hamilton, I want to ask you a question as a socialist. First of all, I want to congratulate you on your operation which was socially inspired.

You mentioned to some other member of the Committee that you have a film which you show to foreign groups. Why could not the same film be shown to other organizations throughout Canada to indicate the work that the federal government is doing in this direction? I am always a believer in informing people as far as possible of what comes from the federal government in our economy. Has any consideration been given to this?

The CHAIRMAN: Showing it to farmers groups?

Mr. HERRIDGE: Yes, and labour organizations, and so on.

The CHAIRMAN: If I may state, I have already asked Mr. Hamilton and he said he could have it here in one day if the members of the Committee wish to see this. It is only 20 minutes long.

Mr. HERRIDGE: That would be very interesting to see. Of course in this instance, we are nearly all almost persuaded socialists, but I am talking about regardless of party. I am thinking of in the country, throughout Canada generally, so the people themselves will realize the function played by the



federal government in the marketing and distribution of wheat. Has that ever been considered?

Mr. HAMILTON: Mr. Herridge, the film is in fairly wide distribution. It is in the library of the national film board. We do show it to every farm organization that we can. It is shown to 4-H groups, and people of this nature. It is available to anyone.

Mr. HERRIDGE: Have you done anything to bring it to the attention of other groups such as, for instance, labour organizations and commercial organizations like boards of trades, or women's institutes, so that they know that this film is available through the national film board.

Mr. HAMILTON: No; we have not promoted the showing of this film.

Mr. HERRIDGE: Would you do something to promote it so that there is a better understanding of this aspect of our economy?

Mr. HAMILTON: We will look into this.

The CHAIRMAN: We will make note of that, Mr. Herridge. Mr. Schreyer, do you have a supplementary?

Mr. SCHREYER: No, I wish to return to terminal elevators.

The CHAIRMAN: Pardon me, have you finished your line of questioning, Mr. Herridge?

Mr. HERRIDGE: Yes, Mr. Chairman. I understand that Mr. Hamilton is going to look into this matter, and we hope there will be favourable results.

Mr. SCHREYER: Mr. Chairman, is there any particular advantage or necessity in having most terminal elevators come under the authority of one agency of the government, the National Harbours Board, and having one or two remain under the authority of the Board of Grain Commissioners? Why is this so, and what is the advantage or necessity? Is it just because it happened this way and this carries on from year to year?

Mr. HAMILTON: Mr. Chairman, this is a very good question. This is something that we have wondered about ourselves.

Mr. SCHREYER: You have not, Mr. Hamilton, made any recommendations or suggestions to the government?

Mr. HAMILTON: As a matter of fact, we have, but no action has resulted as yet.

Mr. BEER: The National Harbours Board and the Board of Grain Commissioners and the Canadian Wheat Board are all involved to a greater or a lesser degree in the handling of grain. What type of liaison is there between these organizations, or these groups? Is it close, or is there room for improvement? What is the situation?

Mr. HAMILTON: We are about one block away from the Canadian Wheat Board building in Winnipeg, and there is daily communication. We are very close and very free, as far as I am aware.

Mr. BEER: What about the National Harbours Board?

Mr. HAMILTON: We treat the National Harbours Board as being just another licensee, operating the elevators. We have no problem there.

Mr. BEER: In other words, the co-operation is complete?

Mr. HAMILTON: Yes; I am satisfied that it is very good.

The CHAIRMAN: But you are of the opinion, I gather from what you told Mr. Schreyer, that it would be better if it was under one authority?

Mr. HAMILTON: We feel, Mr. Chairman, that there is certainly room to take a look at this.

Mr. PUGH: Mr. Hamilton, when you were making your presentation you stated that the European complaints were not so much in the nature of formal complaints as just snags. I wonder if you would enlarge on that?

Mr. HAMILTON: I should think the main concern probably is the price of Canadian wheat and it is only natural, when a new agreement is coming up, that they are going to try to soften us a little, I suppose; and we seem to get a rash of little snags concerning our grain.

Mr. PUGH: Would this have anything to do with the weighing, for instance, or the grade? The complaints are pretty well on that, are they?

Mr. HAMILTON: Yes. For example, Mr. Martens and I have just returned from China, and although we have not received a formal complaint, when we spoke to the Chinese they raised the matter of wheat seeds in the grain, a few cases of infestation and shortage on out-turn weights of a few vessels, but they were not prepared to put this on paper. They were anxious to discuss it verbally.

Mr. PUGH: This comes within the realm of a snag rather than a formal complaint. Do we get many European complaints as against the other side of the world?

Mr. HAMILTON: Most of the complaints that we get would have to do with shortages in out-turn weights.

Mr. PUGH: Which might occur through dry out, or something like that?

Mr. HAMILTON: Yes. We feel that the large scales used in Canada give us a definite advantage here. We do know that some of the weighing in Europe, and particularly in Asia, is done in very small drafts.

Mr. PUGH: Where are these complaints directed? Do we have representatives in the various large shipment areas. For instance, in Europe or in China? Do we have somebody on tap there all the time to answer complaints and check them quickly?

Mr. HAMILTON: Our complaints usually come direct from the grain broker, although they use the trade commissioner service quite a bit. We get a chance to brief all the young trade commissioners before they go overseas, and this is a point we stress all the time, that if they receive a complaint to direct it to us immediately.

Mr. PUGH: By "to us" do you mean here in Canada?

Mr. HAMILTON: Yes.

Mr. PUGH: And what is the procedure then?

Mr. HAMILTON: We investigate as thoroughly as possible, and reply.

Mr. PUGH: Do you have representatives over there to carry out your investigation?

Mr. HAMILTON: We have no people who are stationed over there. Our technical scientific staff are travelling continually and they do run down.

Mr. PUGH: If there is a fairly serious complaint someone goes over?

Mr. HAMILTON: Oh, yes, sir.

Mr. PUGH: With regard to that film, I think we should take it as standard, Mr. Chairman, that any film available is shown to the Committee right at the beginning. It might help us with our questioning, particularly those who are not conversant with the grain trade.

I was wondering about Prince Rupert. I would be very interested, naturally, in seeing more capacity there. What about the rates to Prince Rupert as against Vancouver? I am talking about freight rates. Is it cheaper delivered down there than Vancouver?

Mr. HAMILTON: As far as I am aware, there is no difference in rates between Prince Rupert and Vancouver.

The CHAIRMAN: Mr. Herridge, do you have a supplementary? Just one question, because we have to be out of here at 11 o'clock. We come back at one o'clock.

Mr. HERRIDGE: I was interested in Mr. Hamilton saying that he had just returned from China. Could he tell the Committee where he went in China? This would be very interesting, I am sure, to members of the Committee. Did he find that the Chinese representatives had a good knowledge of what they were buying, our grades, and things of that sort? Could you give us a little rundown on your visit there?

Mr. HAMILTON: Mr. Herridge, we met the Chinese representatives in Hong Kong first. Then we went into Canton to look at their trade fair and their display of cereal grains, and went through one of their communes. We went to Peking to meet the top ranking Chinese who would be our counterparts in the Chinese government and had a face to face discussion on some of these problems that are arising as far as grain is concerned.

I can assure you that they certainly have a very good knowledge of procedures in Canada and an extremely good knowledge of the government setup of Canada.

Mr. HERRIDGE: Would you say they were pretty good business people?

Mr. HAMILTON: Yes, extremely so.

The CHAIRMAN: Thank you. We will adjourn until one o'clock.

Mr. JORGENSEN: I have no further questions. Does anyone else have any further questions?



The CHAIRMAN: There were several who indicated that they wanted to ask questions. We will see how long it takes. We may not be too long if we can get back here at one o'clock.

## AFTERNOON SITTING

THURSDAY, June 16, 1966.

● (1.00 p.m.)

The CHAIRMAN: I think we will start right away. We hope there are more members coming. Who has the first question?

Mr. WATSON (*Assiniboia*): Mr. Chairman, this morning when we adjourned I was going to ask Mr. Hamilton if he could give us the figures on the total cost of operation of the terminal elevators and, included in this, would have to be Prince Rupert because it is on the west. I am not sure, for the information I am trying to secure, that the Lakehead elevators are all that important. However, if these figures were available too, I would appreciate having them.

And then I wonder if we could break down the receipts and shipments of the grain and the profits of each one of the elevators; this is a key point, and I imagine that you have this information. Profits would come out of your receipts from storage. Also would Mr. Hamilton check and see whether his figures this morning were correct; that there was going to be two million bushels of grain put into Moose Jaw elevator. On checking my figures, I find the most that has ever been put in there since 1960—the highest year—was 1,000,374 bushels and that the 1961-62 crop year was 584,000. The two years I am concerned about are the 1963-64 and 1964-65 crop years. One year only one carload of wheat went into the terminal elevator; this amounted to 1,397 bushels. The next year there were only 1,146 bushels. This is the whole crux of the point I am trying to make—why we have a 5½ million bushel elevator and are reduced to receiving only one carload of wheat a year.

Mr. HAMILTON: Mr. Chairman and Mr. Watson, I would like to correct the figure of 2 million bushels I gve you for Moose Jaw; this was probably another elevator. Our advice is that there will be a total of 400 cars in all; this will mean that between 600,000 and 800,000 bushels will be going into the Moose Jaw elevator.

With regard to the other part of your question, Mr. MacLeod has the figures on the Canadian government elevators.

Mr. W. J. MACLEOD (*Secretary, Board of Grain Commissioners*): Mr. Chairman, and Mr. Watson, what years would you like for the revenue and expenditure?

Mr. WATSON (*Assiniboia*): Well the figures I had covered as far back as the 1960-61 crop year. I am again referring specifically to Moose Jaw because it is naturally close and, as I said earlier, is the one with the poorest record, with only a carload of wheat in each of the two years that I mentioned.

Mr. MACLEOD: Mr. Chairman, I have the revenue and expenditure figures for 1961-62 up to 1965-66 for each elevator. Moose Jaw, 1961-62, the revenue

\$440,745, expenditure \$213,019. For 1962-63, revenue \$289,762, expenditure \$244,941. For 1963-64, revenue \$237,058, expenditure \$231,158. For 1964-65, revenue \$10,105, expenditure \$194,712. For 1965-66, revenue \$12,189, expenditure \$206,353. Mr. Chairman, we only have receipts and shipments for three years. Perhaps Mr. Baxter may have figures previous to that.

Mr. WATSON (*Assiniboia*): That is fine. Could you give us the expenditures and receipts for the other terminal elevators?

Mr. MacLEOD: The other Canadian government elevators?

Mr. WATSON (*Assiniboia*): Yes.

Mr. MacLEOD: For the same five years, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. MacLEOD: For Saskatoon—revenue 1961-62 \$488,090, expenditures \$258,261. For 1962-63 \$253,311, expenditures \$250,219. For 1963-64 revenue \$190,523, expenditures \$267,019. For 1964-65 revenue \$137,813, expenditures \$219,615. For 1965-66 revenue \$129,861, expenditures \$308,005.

Mr. MacLEOD: Shall I go on, Mr. Chairman, with the other four elevators?

The CHAIRMAN: You want all the figures, Mr. Watson?

Mr. WATSON (*Assiniboia*): Yes, please.

The CHAIRMAN: Yes.

Mr. MacLEOD: Calgary—1961-62 revenue \$182,604, expenditure \$257,026. For 1962-63, revenue \$163,961, expenditure \$215,350. For 1963-64, \$139,543, expenditure \$189,369. For 1964-65, revenue \$230,921, expenditure \$182,622. For 1965-66 revenue \$230,662, expenditure \$210,156. That was Calgary, Mr. Chairman.

Edmonton—1961-62 revenue \$221,841, expenditure \$311,986. For 1962-63 revenue \$152,549, expenditure \$216,728. For 1963-64 revenue \$118,777, expenditure \$222,103. For 1964-65 revenue \$339,863, expenditure \$234,906. For 1965-66 revenue \$295,915, expenditure \$236,510.

The Lethbridge elevator—revenues for 1961-62 \$63,947, expenditure \$115,620; 1962-63 \$32,330, expenditure \$104,356; 1963-64 revenue \$24,820 expenditure \$155,218; 1964-65 revenue \$71,246, expenditure \$130,605; 1965-66 revenue \$78,740, expenditure \$139,120.

For the Prince Rupert elevator, Mr. Chairman, revenue for 1961-62 \$499,313, expenditure \$369,598; 1962-63 revenue \$145,862, expenditure \$275,853; 1963-64 revenue \$394,273, expenditure \$343,733; 1964-65 revenue \$506,573, expenditure \$387,702; 1965-66 revenue \$725,240, expenditure \$465,046.

I have covered all the elevators Mr. Chairman.

Mr. SCHREYER: A supplementary question, Mr. Chairman. May I just ask if the expenditure referred to in each case is the annual current operating expenditure. There is no amount here for capital costs.

Mr. MacLEOD: There is a small capital cost, Mr. Chairman.

Mr. HAMILTON: I might add that we have just gone through a very extensive program of concrete restoration on these elevators, painting and converting our drying equipment from coal and steam to oil and the elevators are all in first class condition now.

Mr. SCHREYER: That cost would be reflected in the last expenditure figures?

Mr. HAMILTON: Yes, it is all included in here.

The CHAIRMAN: Mr. Watson, did you have a further supplementary?

Mr. WATSON (*Assiniboia*): Just a supplementary to that. These figures then, being the cost of operation, would take in the cost of repairs that had gone into these elevators over the past five years?

Mr. HAMILTON: That is correct.

Mr. WATSON (*Assiniboia*): That is for modernization of the drying equipment and everything?

Mr. HAMILTON: That is correct.

The CHAIRMAN: Mr. Pascoe, was yours a supplementary to do with the same subject?

Mr. PASCOE: To do with the same subject, yes, Mr. Chairman. But the first question has been pretty well answered now. These elevators are in first class condition, if their use is required. I know this is a hypothetical question and that you may not want to comment on this, but if there should happen to be a seaway strike, those elevators would be useful, would they not, for storing wheat that could not otherwise be moved?

Mr. HAMILTON: Yes this is correct, Mr. Pascoe. And, further, they could be used to clean up grain to export standards and it could be shipped west. The limiting factor at the west coast is really the cleaning equipment.

Mr. PASCOE: Do you see a possibility of more than 400 carloads being used to prepare wheat for shipment west? I am thinking of a possible big crop coming and there is approximately 300 million bushels still left on the farms, I believe, and you may want to move some of that to make room for the new crop coming in. The elevators would be quite useful then, would they not?

Mr. HAMILTON: Yes this is quite true. They could be used.

Mr. PASCOE: Just one more question, Mr. Chairman. Under the Temporary Wheat Reserve Act the government pays for storage over 178 million bushels, or something like that. If those elevators were used to take the wheat off the farms to make room for the new crop, and the total amount in storage came over 178 million bushels, the government then would be paying the storage on that and it would not come out of the province?

Mr. HAMILTON: It is my understanding that any grain in storage above 178 million bushels at the end of the crop year is eligible for storage to be paid by the Temporary Wheat Reserve Act.

Mr. PASCOE: This would be a loaded question. Do you think that is one reason why the government is not using these, because they would have to pay the storage under this act?



Mr. HAMILTON: I think the main reason which limits the use of the Canadian government elevators are the two charges, the stop-off charge levied by the railways and the diversion charge.

Mr. PASCOE: They would come out of the province profit, both charges?

Mr. HAMILTON: Yes, indirectly.

The CHAIRMAN: Mr. Watson on a supplementary question.

Mr. WATSON (*Assiniboia*): Mr. Chairman, are any of these government elevators equipped to receive grain from trucks; in other words from farm deliveries? I do not believe the one in Moose Jaw is equipped this way. Have you any estimate on what it would cost to convert these elevators for modern handling from trucks?

Mr. HAMILTON: Well, the elevator at Moose Jaw, for example, is not presently equipped to handle trucks. It would just be a case of laying a few planks down over the railroad tracks so that the trucks could get in there and dump. This could be done for a matter of \$400 at the outside. Our elevators in Alberta are equipped to handle trucks.

Mr. WATSON (*Assiniboia*): With a hoist for lifting and dumping, the same as we would have in our country elevators, or not?

Mr. HAMILTON: They dump in the hopper that would be used for unloading.

The CHAIRMAN: A truck would have to have a dumper on it?

Mr. HAMILTON: Yes. Equipment could be installed, of course.

The CHAIRMAN: Mr. Clermont has intimated that he wants to ask a question, but Mr. Rapp has a question and I wonder is it on the same line of questioning?

Mr. RAPP: No, it is not.

Mr. CLERMONT: Mr. Chairman, this morning when statistics were under discussion, I asked whether the inspectors of the board grain find that reserves seem to be low in certain parts of the country, especially in the eastern part. If these facts were made known to the Canadian Wheat Board I understand, after a conversation I had after our proceedings this morning, that a correction could be made on the reply that was given to the Committee this morning.

Mr. BAXTER: Mr. Chairman, as a co-operative venture or as an indication of the co-operation between the two grain boards, the statistics division of the Board of Grain Commissioners serves as the statistics division for the Canadian Wheat Board and the reports filed with us by all of the elevator operators, with respect to their stocks and handlings, are conveyed immediately to the Canadian Wheat Board as a basis for their assessment of the grain position.

Mr. CLERMONT: Mr. Chairman, on the figures given to us on revenue and expenditures, what is the main source of revenue?

Mr. HAMILTON: The main source of revenue would be the elevation and storage charges. These are set by the Board of Grain Commissioners.

Mr. CLERMONT: And would the figures on expenditures be for labour for expenditures or repairs?

Mr. HAMILTON: Salaries, Mr. Chairman, is the big expenditure of the whole Board of Grain Commissioners.

Mr. CLERMONT: Is the decision of the appeal board final when there is such an appeal?

Mr. HAMILTON: Yes, this is correct. It is final.

Mr. CLERMONT: Mr. Chairman, coming back again to the elevators in the east. I understand all these elevators are coming under the national harbours board or private industry, for instance, Prescott, Montreal, Trois Rivières, Sorel, Quebec and Baie Comeau. Are they all under national harbours board?

Mr. HAMILTON: No, Mr. Chairman, they are not. The elevator at Baie Comeau is a private concern—Cargill Grain. Sorel is another one.

Mr. CLERMONT: And Montreal; is that national harbours board? Prescott?

Mr. HAMILTON: That is correct. Three Rivers and Quebec city.

Mr. CLERMONT: My last question, Mr. Chairman, is this. Does the commission have available the figures for, say, stock at the end of December 31, 1965 at Prescott, Montreal and Quebec; and the same thing for March 31, 1966? Or, if not available presently, can they be made available to the Committee later on?

Mr. BAXTER: Mr. Chairman, in an attempt to be as current as possible, I have the stocks at June 1 but I do not have the stocks available with me for either December 31 or the March 31. However, this information can be obtained and entered into the record.

Mr. CLERMONT: It would be appreciated because although the June figures would be interesting, I am more interested presently in the stock available, at December 31, 1965 and March 31, 1966.

● (1.30 p.m.)

Mr. RAPP: Mr. Chairman, I would like to deal with another subject; not with storage, but with edible oil. I would like to know whether the grain commissioners could not change the grading. For instance, in our area we have municipal by-laws to the effect that mustard cannot be planted. Since we try to keep our rapeseed as clean as we can, not only for our domestic use but for export, would it not be possible for the grain commissioners to bring in some ruling to keep this grain as pure as possible.

I attended a symposium held in Saskatoon before Christmas of all the processors who have these mills and they complain that the No. 2 rapeseed is not fit for use as edible oil because its colour is not clear. A suggestion was made that instead of having three grades, as at present, No. 1 should be allowed a little more percentage of cracked wheat seed, and so on and so forth, and do away with the No. 3. So that the No. 2 rapeseed would never be used for edible oil.

Another suggestion made at this symposium, was that it be brought to the attention of the Board of Grain Commissioners that mustard is sometimes planted in the same area as rapeseed and that stricter rules should be implemented for rapeseed processors, thus giving the elevators power to reject rapeseed containing even a small percentage of mustard. This is the only way to

force municipalities to bring in a municipal by-law, in areas where rapeseed is planted, that no mustard should be planted. Would that be possible for the Board of Grain Commissioners to bring about?

Mr. HAMILTON: Mr. Chairman, I would like to say, first, that we certainly appreciate how important the rapeseed crop is and will be to the prairies. We did call a meeting in Winnipeg, with Dr. Weinberg from the Department of Industry and all the rapeseed processors in the prairies, to try and establish standards for rapeseed oil and for by-products, rapeseed meal, et cetera. I would like Mr. Ainslie to comment further and then maybe Dr. Irvine will have a few words to say.

Mr. AINSLIE: Mr. Chairman, the present statutory grades for rapeseed were established in 1962—I think they were effective April 1, 1962—and, under the new grades, the tolerances of other seeds and other conspicuous material set a fairly high standard for no. 1. This was to meet the requirements that we understood were necessary by both the domestic and export markets. The export market takes the largest part of our rapeseed production and it has worked out fairly well. We have had no complaints at all on quality of rapeseed shipped in the export market.

We have heard from some of the domestic crushers, the oil processors, that they have had some difficulty because they are buying in individual localities and they do not just buy No. 1 as is generally the practice by our overseas buyers, but they buy also No. 2, No. 3 and some sample grades. When they try to produce domestic oils for edible purposes, they do have some difficulties because of the colour of the oil not being up to scratch and perhaps not acceptable to the oil users.

We have been making a study of this and it is possible that we might recommend some change in our rapeseed standards as a result of the talks we have had on this subject, although it appeared that the problems of the domestic crushers were localized and the real serious problem has been that of wild mustard seed in the rapeseed. These are virtually indistinguishable except by a very careful examination under a microscope. I think perhaps we are making some progress towards making some recommendation for a change in grades.

Mr. HAMILTON: Have you anything to add to this? It might be interesting, Mr. Chairman, to note that 80 per cent of the rapeseed cars are officially graded grade No. 1 Canada rapeseed and the stocks of rapeseed in store, week ending June 1, 1966—this is total stocks across the country—No. 1 Canada rapeseed 1,526,000; No. 2 Canada rapeseed 71,000 bushels; No. 3 Canada rapeseed 44,000 bushels. This gives you an idea of the proportion.

Mr. RAPP: Many municipalities say they are aware, now, of the fact that they can destroy their own area by having mustard planted in some areas. I would just like to know whether the Board of Grain Commissioners may be penalized or may not even accept the rapeseed wherever there is mustard planted. For the simple reason, this is not any more a small revenue for our farms. Last year we had over 22 million bushels of rapeseed and this year, if some of the late wheat crop is broken down again on account of wild oats, they might plant rapeseed yet. They could have a very large crop and I am sure



nobody would be interested in spoiling our reputation in the Asian countries of being exporters of good rapeseed.

Mr. HAMILTON: Mr. Chairman, I would like to reassure Mr. Rapp that we are very conscious of this problem he has brought up and we are doing what we think is best.

The CHAIRMAN: Any further questioning, Mr. Rapp?

Mr. RAPP: No, I think I will pass.

Mr. DANFORTH: Mr. Chairman, I was very interested in the remarks of Mr. Hamilton this morning regarding inspection and the method of handling complaints on quality. In view of the fact that in the world grain trade quality is such a vital factor in competition, I am aware that the board faces a real responsibility in this regard.

Mr. Chairman, if my memory serves me correctly, there was a complaint of a very serious nature perhaps one or two years ago, of some of the export wheat shipments containing glass. Was that cleared up to the satisfaction of all parties concerned; was the trouble isolated; and have there been any further incidences in that regard?

Mr. HAMILTON: Mr. Chairman, this was a very serious affair but there was never an official complaint lodged by the Russians over this. At the time we were made aware of the complaint, our chief inspector was in Europe. We instructed him to proceed directly to Moscow to deal with the Russians on this. They are satisfied that we are taking all possible steps to prevent a repetition of this. I think it is quite common knowledge in the grain business that everyone who exports grain in quantity has this problem of glass. It starts right at the producer level by pigeons flying through farm windows, and the biggest glass problem is window glass; country elevators. Terminal elevators the same thing. We are doing our best to overcome this but it is a continuing problem. It just never becomes public and, if it does, usually it is at the customer's request. In the case of the glass affair with the Russian shipment, it did become public. But this is a continuing problem.

Mr. DANFORTH: Then may I ask, Mr. Chairman, if the problem, although it is a continuing one and, by the explanation, I can well understand it whether the incidences are increasing in number, or are they what the board would term normal occurrences in this particular field?

Mr. HAMILTON: No. We have never had this glass business brought to our attention since the unfortunate—

Mr. DANFORTH: Officially or unofficially?

Mr. HAMILTON: That is correct; since the incident in Montreal.

Mr. DANFORTH: Mr. Chairman, if I may go along this line with perhaps one or two supplementary questions. I was very interested this morning in the remarks that the inspection staff is continually travelling to investigate the more serious complaints, or as the Board feels is justified. May I ask whether we have, in the opinion of the Board, adequate staff to take care of this, or has there been a backlog building up with regard to these matters?

Mr. HAMILTON: Mr. Chairman, I consider that we do have adequate staff, but you know the way the world is going; we are living in a world of technicians, experts and scientists and, more and more, the people who decide the source of supply for the mills are the chemists and we are becoming more and more involved in this. There is more travelling required of our scientific staff and our professional people. But, so far as I am aware, we are not short of staff.

Mr. DANFORTH: Well may I ask, Mr. Chairman, due to the fact that we have, as the committee is well aware, in the past three or four years taken on comparatively new customers who require tremendous quantities of all the grains we produce, is there any particular field in which the quality of the grain is questioned? You spoke this morning of wheat seeds and short weight and infestation. Are there any other new fields where the quality of Canadian grains are being questioned, either of an official or an unofficial nature?

Mr. HAMILTON: The big concern of Canadian grain, I suppose would be the price of it. I think it is safe to say it is probably the highest priced grain in the world and, as a result, people expect to get a first class product. We are satisfied they do.

We did foresee this build-up of travel by professional people and, about two years ago, in co-operation with the Canadian wheat board, we enlarged our research arrangement with a technical services group who are now free to travel with the Canadian wheat board and supply any professional advice which is required when the wheat board people travel. I would like Dr. Irvine to say a few words on this as Dr. Irvine used to be in this position some years ago.

Mr. IRVINE: Mr. Chairman, the major effort, I would say, in terms of technical travel in order to investigate conditions, possible complaints, changes in usage, and so on, is anticipatory. That is, we have a regular program of visiting old and new market areas to determine what the requirements are and, in this way, we usually manage to avoid direct complaints. We establish good firm relationships with scientists in these areas; with technicians, with the milling companies, and so on. And, as a result, as was referred to earlier this morning, we have many communications from people overseas which we do not regard as complaints but where they are raising particular questions with respect to certain shipments of grain. We do complete analytical studies on these. We know the kinds of methods that they themselves use in order to assess quality. We apply these methods which are used in the overseas country and also our own methods through an analysis. We send back a report and, generally speaking, the reputation of the laboratory and the calibre of the work done in the laboratory is such that our findings are accepted by people overseas.

The major factor, I think, in our technical service travel is to maintain these good relations which we have, to be able to anticipate difficulties and, as a result, keep all the what might be potential misunderstandings and complaints to the level of inquiries and exchanges of information. We perhaps do not have adequate staff to do this now because it takes a long time to train people to the stage where they can go out and deal with virtually any problem. We think we have this in mind; we have the allocation to take on staff and we are doing our

best to train these people as rapidly as possible so that we will have adequate staff to deal with the technical problems as they multiply.

Mr. DANFORTH: Mr. Chairman, if I may pursue this a little further. We all appreciated Mr. Hamilton's remarks about the evolution of the grain trade industry and the ever new fields that are opening up. May I inquire whether or not there is a trend, in the demand for quality, of developing the chemical composition of the grain itself? If I may illustrate, a demand for definite protein analysis and a guaranteed analysis as far as protein is concerned, or any of the other essential elements. Is this a field that is expanding? Is the trade demanding more and more intimate information in this regard and are we equipped to take advantage of this as a trade tool?

Mr. HAMILTON: Mr. Chairman, this is a very good question and it is certainly true that customers are demanding less and less variation within the grades and want a constant product. As I said, we grade our grain by visual means but, behind that visual means, we have the resources of our research laboratories and these people work very closely with the inspection branch.

We were so concerned about this very problem that some two years ago we took Mr. Conacher, who used to be our chief grain inspector, out of this job and set him up to take a really good look at this whole business of the way we grade grain in Canada. This study is really under way now and, if some changes appear necessary, we intend to recommend to parliament that they be made. If no changes are necessary, we will not recommend any, of course. But this study will take, I think, about one more year. It is a very, very interesting field.

Mr. DANFORTH: One more question, Mr. Chairman, and I will be prepared to pass. I certainly have no experience in the grading or inspection of grain, but I do have some experience in other fields of agriculture. Is there, in the grain trade, a pattern which develops, and from which you can almost anticipate major or minor complaints from certain sources? It seems that it would be a pattern of the purchaser to find a major fault and that there would be continual demands for readjustment from some sources that Canada must do business with?

Mr. HAMILTON: In our very sophisticated markets, United Kingdom, West Germany and Japan—three extremely important customers of course—the weather that we have in the prairies will decide what sort of crop we have; high protein, low protein, high bushel weight, low bushel weight. They are aware of this, just as well as we are, and so we know that if there appears to be a low protein content in the crop coming up, we are certainly prepared for some observations along these lines from our customers.

Mr. DANFORTH: There are definite patterns that you are well aware of and are accustomed to and prepared to meet?

Mr. HAMILTON: That is right.

The CHAIRMAN: Mr. Pascoe intimated to me that he had a question. Is yours a supplementary, Mr. Pascoe?

Mr. PASCOE: It is based on the estimates.

The CHAIRMAN: Mr. Watson had a supplementary.



Mr. WATSON (*Assiniboia*): My supplementary is one Mr. Danforth touched on as a result of Mr. Hamilton this morning having mentioned, I believe, weed seeds in some of the grain that went to China. Is it right that all the grain shipped from Canada is cleaned before it is shipped?

Mr. HAMILTON: This is right, Mr. Watson. It is all commercially cleaned.

Mr. WATSON (*Assiniboia*): By "commercially cleaned", what standard would this be? Is this really just a scalping to take out the heads and the rough, or down to what standard?

Mr. HAMILTON: I will ask Mr. Ainslie to answer this one.

Mr. AINSLIE: Mr. Chairman, our export standards set the maximums of foreign material that can be in grain that is shipped for a particular grade. For example, No. 2 Northern is probably our biggest grade. It has been, in the last few years, our biggest grade to be shipped and our export standard for this grade limits the total foreign material to 0.3 per cent, including a maximum of .15 of wheat seeds including wild oats. A maximum of .05 of wild oats. So that is our standard of cleanliness for that grade, which is cleaner than any grain that is received into a terminal elevator. It requires careful cleaning and handling.

Mr. WATSON (*Assiniboia*): To get to this standard, what was the percentage of clean out among the grain?

Mr. AINSLIE: Perhaps Mr. Baxter could give an exact figure of the average clean out per car. I think it runs in the range of 2½ per cent to 3 per cent.

Mr. BAXTER: It is 2.98 per cent.

Mr. WATSON (*Assiniboia*): How did you come up with the explanation to the importing country that there was the problem of weed seeds in the shipment of grain?

Mr. HAMILTON: Mr. Ainslie had to prepare the letter so I will let him show you.

Mr. AINSLIE: Mr. Chairman, the explanation really is that, generally speaking, in fact I think it is infallably so, that when a buyer has a complaint over foreign or extenuous material in grain it is the result of something that has happened in the handling of it. In other words, if you had a good average sample of the total cargo, he would not have a complaint, but he may get a small portion of a cargo that has been handled and rehandled and, in the rehandling, some of the light material may stratify, such as a very small percentage of chaff or lightweight material or seeds that happen to be heavier and tend to go to the bottom in getting a small portion of the shipment. He may get more than the average that is contained in the shipment and therefore, from his point of view, he has a complaint.

Mr. HAMILTON: We check these out very carefully, Mr. Watson, and you can realize that as the vessel is being unloaded the grain tends to float down and if a sample should be taken from there of course you will have a concentration of foreign material. So far, we have always been able to explain it satisfactorily. I am not saying we have the best buyers in the world, but they are pretty skilful at times.

Mr. RAPP: This is a supplementary, about frost and frozen kernels. What percentage is allowed in an export sample or how many frozen kernels are allowed?

Mr. AINSLIE: Mr. Chairman, by our Canadian grading methods we do not set a tolerance for any particular type of superficial damage such as frost damage. It is taken into consideration in the general quality and the appearance of the sample. In other words, a sample of No. 3 Northern might contain a very high percentage of very light frost, but it also might contain very little frost of a severe type. This is a matter of judgment of the quality as compared to the standard.

Mr. RAPP: Well if we have 2 per cent of frozen kernels we get about a grade 4.

The CHAIRMAN: If they froze really hard.

Mr. WATSON (*Assiniboia*): Mr. Chairman, you just stated something there, froze really hard, and this brings up a very good point with regard to what Mr. Rapp said. Last fall was a pretty good example of this. The grain was not harvested, it was laying out in the sloughs and, as far as I am concerned, there is still a big argument on whether there was ever frost damage. But immediately we were getting docked in the elevators because it was frozen.

Now, when you are selling such grain to foreign countries, which the Canadian wheat board buys from the farmer and knocks down to a No. 4 or a No. 5 on account of frost damage do these countries buy this wheat the same as if it was not frosted?

Mr. AINSLIE: Mr. Chairman, our export standard samples which they do have a portion of and decide their requirements on the basis of them, do contain all of the types of damage that the buyer can expect to receive. He may get somewhat more frost in a shipment than was contained in the export standard sample, but the sample would be better in other respects. So there is a matter of judgment here.

Mr. RAPP: Another supplementary. Actually the frost does not do much damage to the flour, does it?

Mr. HAMILTON: To the quality. Dr. Irvine will you speak on that?

Dr. IRVINE: Mr. Chairman, this statement is not true in the way it was made. This depends very much on the degree of frost damage. Very superficial brand frost has very little effect on the milling and baking quality, although it does have a large effect on the bushel weight, which may be responsible for degrading it. But when you get down to badly frozen wheat, both the milling and baking quality are very very seriously affected.

Mr. HAMILTON: I would like to add something to Mr. Watson's question. Any producer can have a sample of grain graded by the chief inspector at no charge. What usually happens is that the producer will bring his sample to the country elevator, and unless he specifically asks to have the chief inspector look at it, that sample will go to the head office of the grain company. Every time the chief inspector looks at grain, a card is mailed back to the producer, and although we have these complaints that we are getting a lot of frost damage,

and that the grades are being knocked down, every time we run these things down, we find almost invariably the sample went to the company inspectors rather than to the chief inspector and we are doing our best to educate producers to this trap that they sometimes fall into.

Mr. WATSON (*Assiniboia*): In other words then, if we have any complaints early in the fall, in the case of last year, our sample should be sent direct to the Board of Grain Commissioners.

Mr. HAMILTON: To the chief inspector.

Mr. WATSON (*Assiniboia*): I did not want to confuse the issue when I was speaking about last fall because the doctor here has mentioned badly frozen grain. Now, I think we all realize that when it falls into this category it is late standing grain that has been frozen standing. What I was specifically referring to was frosted grain that has completely matured and this has happened in the slough, possibly as a result of moisture.

The CHAIRMAN: Mr. Horner has been waiting patiently. There are two, Mr. Pascoe and then Mr. Southam.

Mr. SOUTHAM: May I have a supplementar supplementary question, Mr. Chairman?

The CHAIRMAN: I am just a little dubious of supplementaries because we have left Mr. Horner for six people here.

● (2.00 p.m.)

Mr. SOUTHAM: I am quite willing, Mr. Chairman, to defer to Mr. Horner at the moment. I just have one supplementary question on the outside.

Mr. HORNER (*Acadia*): Thank you Mr. Chairman. My question is along a little different line and maybe you will rule it out of order completely, I do not know. The Board of Grain Commissioners, in a sense, police the export of our commodity, police it in the sense that it is pure, and that it moves without hindrance to our ports and to export. Has the Board of Transport Commissioners in their duty as watchdog, one might say, ever considered getting into the insurance field? Would it facilitate the grain movement if the Board of Transport Commissioners took it upon themselves to insure cargo through the St. Lawrence seaway, for example.

The CHAIRMAN: The board of which?

Mr. HORNER (*Acadia*): The Board of Grain Commissioners, rather.

Mr. HAMILTON: Mr. Baxter?

Mr. BAXTER: The board, through the Canada Grain Act, has supervision over the specific section of the act Section 102 which applies to insurance, requiring that the grain stocks in licensed positions is properly and adequately insured in country elevators against fire and inherent explosion in other positions; that is the terminal elevators.

Referring specifically to the grain when waterborne, this does not come under our jurisdiction in that particular respect, but the cargoes moving within the inland system are generally all completely insured against cargo damage,



that is quality damage, and against loss through terminal mishandling while on board the ship or prior to being received into the elevator.

Mr. HORNER (*Acadia*): Who insures?

Mr. BAXTER: This will be commercial insurance companies.

Mr. HORNER (*Acadia*): Who would insure the lake vessels that store grain all winter?

Mr. BAXTER: This again, would be the same organization. The shipper would insist upon this as part of his charter contract with the vessel owner.

Mr. HORNER (*Acadia*): But supposing the vessel is declared a licensed storage vessel for the winter, as a number of them are? Let us suppose the grain still belongs to the wheat board and it is not even sold.

Mr. BAXTER: Mr. Chairman, perhaps there is a certain confusion here as to being declared a licensed storage. It is not declared as a licensed storage under the Canada Grain Act and the Board of Grain Commissioners.

Perhaps Mr. Horner is referring to the arrangement which applies with respect to eastern feed grains moving under the special feed storage arrangement whereby the feed agency and the shipper, in application to the Minister of Finance and the other responsible port officers of the government, were granted permission to categorize these vessels as storage positions on which the storage assistance would be paid. Is that right?

Mr. HORNER (*Acadia*): This could be an example of what I am thinking, yes.

Mr. BAXTER: Under those circumstances, Mr. Chairman, I am quite certain; I am not empowered to speak for the feed agency in this respect, but I am sure—

Mr. HORNER (*Acadia*): The feed agency has not been set up yet.

Mr. BAXTER: I refer there to the present administration organization. I am sure that, as a condition of this storage being paid, the proper insurance on this cargo would be required.

Mr. HORNER (*Acadia*): But the Board of Grain Commissioners do not insure it.

Mr. BAXTER: This is correct.

Mr. HORNER (*Acadia*): You believe it would be insured but you are not sure who insures it?

Mr. BAXTER: I believe it would be insured. Under those circumstances it would be insured as part of the original charter with the vessel company moving the grain and in whose vessel the grain was stored at that time.

Mr. HORNER (*Acadia*): In your supervision of the grain movement, and to go back to my original question, if you did get into the insurance business a little more, let us say, do you think it would facilitate more sales of grain? I am thinking here maybe of Fort Churchill. In western Canada, the general remark is often made that we cannot ship grain through Churchill because nobody will insure it in given months. I have often thought that the insurable days of grain moving through Churchill could be lengthened and that maybe Lloyds of

London should not set the days that Churchill should be used. Maybe we in Canada should. Now, would you comment on that?

Mr. BAXTER: Mr. Chairman, this of course, would be strictly a matter of opinion and this is not at present, as Mr. Horner prefaced his remarks, a function of the Board of Grain Commissioners at this stage. I would suggest that the world insurance market is sufficiently competitive that if the conditions prevailing with respect to movement from Churchill was such that the risk element was very low, the insurance people would move into that quite quickly as an opportunity for selling insurance.

Mr. HORNER (*Acadia*): The promoters at the port of Churchill, who have been before members of Parliament at various times—the Hudson Bay Route Association I think they call themselves—have maintained for a number of years that the season could be lengthened. It is logical to expect or to assume that with new technological advances with respect to radar and such, that the insurance season could be lengthened and I do not think it has been lengthened for the last—well, I do not know how many years. Am I right in that regard?

Mr. BAXTER: Mr. Chairman, I believe there was an extension of approximately 12 days made on the Churchill season last year in the date in which the insurance rates start to move up and become, as Mr. Horner has suggested, somewhat exorbitant from the point of view on the cost of shipping.

With respect to the present circumstances prevailing I believe that Lloyds, as the central agency moving in the marine field of insurance, have very extensive technical support, constantly looking at the risk element from the point of view of the, as Mr. Horner again suggested, new advances in radio technology, new hull construction, and all of the various other factors that enter as countering the risk element. Once again I would suggest that as these became definite and as the insurers are convinced of these safety features, they will indeed move into the market from the point of view of quoting a later date at which the rates progressively rise.

Mr. HORNER (*Acadia*): Thank you. I am pleased to hear that the season has been lengthened and by quite a bit. When you suggest 12 days in Churchill port, that is quite a lot. I am sorry to say that it only was lengthed last year. It could perhaps have been lengthened a number of years before.

One further question and then I will forego questions for a while, Mr. Chairman. Have you any off-track licensed storage facilities?

Mr. BAXTER: Mr. Chairman, at the present time, subsequent to the abandonment of certain rail lines in the prairies, an arrangement was established whereby the board would continue to license under a category that we classified as rail abandonment, those facilities from which the rails had been removed and the licence would continue until such time as the grain had been moved out of those facilities. No further grain was permitted to be received into those and it is my understanding that, by the close of the current crop year, practically all of those facilities will be emptied. I do not have with me the exact figures of any storage remaining at this time.

Mr. HORNER (*Acadia*): I want to follow this up just a little bit, if I may, Mr. Chairman. On this particular point, we in western Canada are well aware of

the proposed line abandonment and some of we farmers shudder at the thought of it. Why is it necessary that once those elevators are empty they must remain empty and you will no longer license them?

I am thinking of a statement made three or four years ago by the president of the Canadian National Railways, Mr. Donald Gordon, where he said it is quite feasible to move grain more cheaply by trucks than it is by rail, and quite recently, in fact within the last year or two, the Canadian National Railways is moving grain by trucks from one elevator to another. So let us suppose, for example, the Canadian National Railways and the Canadian Pacific Railway are both getting into the trucking business in a really big way. Why do we have to have a licensed storage facility on a track when we see the big transportation industry moving by truck?

Mr. HAMILTON: It is a requirement of the Canada Grain Act, Mr. Chairman, that elevators be on tracks.

Mr. HORNER (*Acadia*): I am well aware that it is in the act. But I can suggest to you, Mr. Chairman, and to the Board of Grain Commissioners, that there are elevators on track but the track is no longer used and those elevators are still licensed and are still receiving grain. Of what value is that track? It is laying alongside the elevators all right and meets the commitments of the act, because the elevator is on track, but there are no trains running along that track any more. What I am suggesting, in a round about way, is that perhaps the act should be changed. Would you agree with that?

Mr. MACLEOD: Mr. Chairman, the Canada Grain Act states that an elevator means any premises under which western grain may be received or out of which it may be discharged directly from or into railway cars or vessels.

Mr. HORNER (*Acadia*): I read the act myself a couple of years ago. But the point I am making is that I can name licensed elevators alongside a trackage, let us put it this way, but there has not been a train up that track for years. The farmers have fences across the track and the grain is moving out of those elevators by truck.

Now, as I am using this as an example, I can name the town and name the spot, if you like. But what I am saying is that in view of this—this, in a sense, is meeting the requirements of the act, it is alongside a trackage—should we not maybe change the act in view of the whole transportation system moving more towards the use of trucks and trucks getting larger and larger and roads getting better and better? Should the act not be changed? This is what I am saying.

Mr. HAMILTON: I am going to ask Mr. Baxter, who is responsible for licensing and bonding, to answer this.

Mr. BAXTER: Well, Mr. Chairman, perhaps as a background to this, I should refer back to the situation which developed at the time of the first major abandonment. I say major with respect to anything which had taken place up to that time, not with respect to any long run plan. But when several of the lines were being withdrawn, the Board of Grain Commissioners and the Canadian wheat board invited the trade—that is the pools, united grain growers, the line companies—to a joint meeting at which was discussed at considerable



length what should take place, what type of licensing should be granted with respect to these facilities and more or less forecasting what might be the future attitude.

Now, I quote, with special reference, the participation of the pools in this meeting from the point of view of their direct representation of farmer interest. At that time it was agreed that until the broad program of abandonment, if this was going to take place, was finally unfolded, the intermediate measure, at least, should be that which was finally applied in the form of the R.A. licence that I described earlier.

Now, one further point, just as an aside to this. Manitoba pools, in southern Manitoba, had an elevator that was being abandoned. They gave very serious consideration to the arrangement whereby the farmers who were members of this pool and who, in effect, owned that elevator, could continue delivering to that elevator and truck the grain from that one to the nearest continuing elevator on trackage. This was a case where it was right within their control. They could, under those circumstances, had they decided that this was a feasible proposition, have approached the Board of Grain Commissioners and asked for permission which might, in such circumstances, have required some dispensation from parliament with respect to this particular section of the act. However, after careful consideration, they decided that the costs involved were such that they would not make such representation.

Mr. HORNER (*Acadia*): Thank you, Mr. Baxter. In your example you have touched on the very crux of the problem. I know the pools speak for the western grain farmer, in a sense. But let us just be quite basic here. I am here representing the farmers. The pools are just like any other business; they want to make a profit. They are concerned with making a profit. I am looking after the farmer. We have, in Saskatchewan, something like nearly 600 miles of proposed rail line abandonment on the Canadian National Railways alone. This is going to leave a lot of elevators let us say sitting high and dry. In my own area, if they abandon some of the lines, I know farmers who are going to be 50 miles from the nearest on-track licensed elevator. Who is going to pick up the tab of hauling that grain the 50 miles? John Joe, the farmer. But if you people allow the elevator companies—and competition is still a pretty good means of forcing them to remain in the field, you might say—to remain in the business, whether or not that elevator is on a track, then I can see the elevator companies or the Canadian National or the Canadian Pacific footing part of the bill in my supposed illustration, of this 50 mile haul. I would like to pose this question: If the act were amended would you, as the supervising board, anticipate any real insurmountable problems in administering the licences of an elevator that was no longer on a track?

Mr. HAMILTON: Mr. Chairman, I would like to say first that, with two exceptions as far as I am aware, we have never had an application from a licensee to be licensed off track. One exception was in Saskatchewan, at Makwa, which has been off track; the railroad was never built through. In this case the producers have the choice of delivering to Makwa and then having a commercial trucker take it to Meadow Lake for which they are charged five cents a bushel—this comes right off the cash ticket—or they can haul it to Meadow Lake.

The business of administering elevators off trackage would be pretty serious from my point of view. We try to get these country elevators weighed over about every two years or so, we allow them approximately .35 of a per cent over. Above that the fellow's job is pretty well right on the line. If you allow them to truck grain around the country, I really do not know. We would lose control.

Mr. HORNER (*Acadia*): I do not accept your explanation at all with regard to losing control. I can tell you, and I know you are well aware, of elevators that have not been weighed up in over two years; elevators that have not been weighed up for maybe as long as seven and eight years. You never lost control of these and maybe there were or were not some overages. Maybe I am blind but I fail to see any insurmountable problem you would have in supervising or licensing an elevator which no longer had tracks beside it. If it had a good paved road beside it I think it would be just as easy and, in fact, may be more easy because you would be able to slip down that bay just a little quicker.

Mr. HAMILTON: I will grant you, Mr. Horner, there are probably no problems that would be insurmountable. I am just bringing up some of the problems.

Mr. HORNER (*Acadia*): There is a way over and you have got to do it; you have to make a concerted effort to have it done. I am not condemning the board because I know of some elevators that have not been done. I am not condemning the board at all. I know that this is a recurring problem and you are working at it all the time, and this would be still there. I do not anticipate any grain company going into the business of building a lot of off trackage elevators, not like we did have; curling rinks and this sort of thing. We have, though, a lot of grain handling facilities that will have to be abandoned, along with the track, unless a really good hard look is taken at this. We have a lot of grain handling costs which will have to be borne by the farmer unless a good hard look is taken at this act and this particular clause. As I said, I am here working for the farmer and I think there is no insurmountable problem in administration and that this act should be changed.

Mr. HAMILTON: Mr. Chairman, I would like to say, in answer to Mr. Horner, that as far as this board is concerned we do not think that the problem has yet become serious enough for us to take action on this. We realize the problem there.

Mr. HORNER (*Acadia*): Let us look at new construction. Many of the elevators in western Canada today are being rebuilt and modernized and I know of a number of points where the elevator or the grain companies would like to build but are hesitant. Now, this proposed line is up for abandonment. I can tell you that the line from Drumheller to Stettler, right through the greatest grain growing country in Alberta, Munson, Morley and up that way, is in the CNR plans for abandonment. You people know that line, just think of the grain terminals and the grain storage facilities along it. The grain companies would, I suppose, be hesitant, to build along that line. But if the act was changed or if some measure of assurance was given by you to the grain companies saying, "no matter whether or not the rails are pulled up we still

propose to allow you to licence; go ahead and build your \$150,000 storage facility if you want", it would take away the fret and maybe encourage the odd grain company to move. You agree with me, I see, in this regard.

The CHAIRMAN: He says he is giving it very serious consideration.

Mr. SOUTHAM: Before I put my supplementary question I would like to go on record as supporting the immediate remarks of Mr. Horner regarding this off storage. I think we can foresee this problem developing and I am glad to hear Mr. Hamilton say that they are giving this serious consideration.

I was also very glad to hear our witness testify that our shipping facilities at Fort Churchill have been extended. I just came from the Transport Committee this morning and we were discussing this very point and, with the expanding market, this is important. I would like to suggest that further possible extension of this grain shipping season at the port of Churchill be kept under continual and active review with the view of keeping and expanding our port facilities.

The supplementary question I originally intended to ask was based on the subject introduced by Mr. Danforth. I had the honour and privilege of being an active member of the Agriculture Committee, several years ago, when this matter of broken glass came under consideration. I think, at that time, the investigation indicated it was from pop bottles, and so on. However, what interested me was Mr. Hamilton's remark that the big problem now is that of window glass; I did not realize that at the time.

My question is this: Is there any particular remedy being applied? Are you, as the Board of Grain Commissioners, giving any particular direction to the elevator companies themselves, to the port terminals, or even getting out literature to the farmers stating that in the construction or maintenance of elevators or port terminals glass should be covered with a protective screening to avoid breakage by pigeons and large birds, to which you attribute this? Is this within your purview?

Mr. HAMILTON: Mr. Chairman, I would like to assure Mr. Southam that we are doing all we can to educate producers. At the annual meetings of the grain companies this was brought up. We sent circulars to the grain companies and we are satisfied that sufficient steps have been and are being taken to control this.

Mr. SOUTHAM: You are getting co-operation?

Mr. HAMILTON: Oh yes.

Mr. SOUTHAM: In the case of elevator companies and terminals, I think the simple thing would be to have fine mesh wire over the windows inside and out and then the farmer himself would not feel he has to voluntarily come in as he does.

Mr. HAMILTON: This is primarily a producer problem.

The CHAIRMAN: One comment that I would make, from studying elevator construction. Is it not a fact that most elevators are not putting in windows? They use this corrugated plexiglass which is much stronger and takes quite a blow to break it and this is eliminating glass installation in new construction.



Mr. HAMILTON: I would just like to say that we do have a new section in our regulations covering this extraneous material, which states that no person shall wilfully or carelessly cause or permit glass or other extraneous material to be introduced into or remain in grain or grain screenings under the jurisdiction of the board, and until it arrives or is presented to the country elevator, it really is not under our jurisdiction.

Mr. SOUTHAM: I am glad to hear you say this. There has not actually been any complaint since this other episode, we were seriously concerned about.

Mr. SIMPSON: Mr. Chairman, I regret that I am not a member of this Committee but I would like to ask a question in reference to the remark made by Mr. Southam about the extension at the port at Churchill. I understand that the extension made last year was of 12 days. I would like to know is it planned to have the port shipping season remain open this year the same length of time as last year or to have a further extension?

Mr. BAXTER: Mr. Chairman, I would like to qualify my remarks with respect to the extension. The statement I made was that the insurance rates prevailing through the summer were extended for this additional period before the escalation started. Now I am not at the moment aware of any announcement with respect to the coming season. I would imagine that this would be decided at an early date, dependent upon the weather conditions and existing ice conditions, which is a further factor in the decision on these rates. Now, I am not certain just when that announcement would be made. I believe last year's announcement was made early in August, if I am correct.

Mr. SIMPSON: Could I ask one further question? I just walked in from another committee. Could I ask who makes these representations for the insurance rates to be extended for a longer period of time? Or who made them last year?

Mr. BAXTER: I believe this would be the carrier, Mr. Chairman, requesting the insurers to quote him a rate over a longer period of time. The carriers are naturally anxious to participate in the business as long as they can, under economic conditions, and the rates do govern these economic conditions.

Mr. SIMPSON: You mean carriers, plural, and not just one carrier?

Mr. BAXTER: I think in this regard the Dalglish Shipping Company is one of the principal carriers operating out of the port of Churchill. Dagleish has been a pioneer on the Churchill route and is a prime mover of any new developments in this movement and I think that this company is one of the strongest in making representations to the insurance market.

● (2.30 p.m.)

Mr. SIMPSON: Yes, I understand that; I agree with that part of it but, as of the present time, you have no knowledge of any extensions requested or granted for this season?

Mr. BAXTER: That is correct, Mr. Chairman.

The CHAIRMAN: Are there any further questions at the present time? My suggestion, as Chairman, is that if any members feel there should be further

questioning, we have made provisions to meet again at eight o'clock tonight. If you feel that there is no need for further questioning, I think a motion is in order that Item 15, the Board of Grain Commissioners of the Department of Agriculture, be moved, seconded and passed.

Mr. HORNER (*Acadia*): I so move.

Mr. CLERMONT: I second the motion.

The CHAIRMAN: Moved by Mr. Horner and seconded by Mr. Clairmont that this item be passed. Is that carried?

Item agreed to.

I do not think, then, it is necessary for the board to come back at eight o'clock tonight. I want to thank the board for their attendance here. I think, that both the questions and the answers have been good and we appreciate your way of handling the questions. It has been an education to us, as members of this Committee, and I am sure that if the Agriculture committee demand your attendance at a future date, you will comply. Thank you very much. The Committee is adjourned to tomorrow at 9:30 a.m.

## APPENDIX "I"

## CANADIAN WESTERN GRAIN IN STORE AND AFLOAT AT EASTERN ELEVATORS

W.E. Dec. 29, 1965.

Port and Elevator	Total Licensed Capacity	(in 000's of bushels)				Durum Wheat	Oats	Barley	Rye	Flax- seed	Rape- seed	Buck- wheat
		*Total	All 4	Nor.	No. 5 & Lower							
		Grain in Store	Higher	Higher	Lower							
Collingwood	2,000	1,910	866	98			434	256	33	—	—	—
Midland	3,016	1,527	1,318	164		—	—	—	—	—	—	—
Midland (Tiffin)	4,250	3,647	2,640	140		—	708	259	—	—	—	—
Midland (Tiffin)	4,900	771	771	—		—	—	—	—	—	—	—
Owen Sound	4,650	3,740	3,650	90		—	—	—	—	—	—	—
Port McNicoll	4,000	3,039	2,211	158		—	226	223	15	—	—	—
Goderich	6,500	5,071	4,519	266		286	—	—	—	—	—	—
Goderich	3,000	3,584	969	618		—	845	539	276	—	—	—
Sarnia	1,600	1,775	236	193		—	688	656	—	—	—	—
Walkerville	5,400	4,383	2,303	96		—	111	123	23	—	—	—
	1,250	707	80	—		—	—	—	68	—	—	—
Port Colborne	3,000	2,223	874	62		—	155	199	—	—	—	—
Port Colborne	2,250	1,290	1,050	—		—	—	—	47	—	—	—
Port Colborne	2,000	1,663	732	44		203	—	—	—	—	—	—
Toronto	4,000	2,272	220	111		—	251	122	—	34	—	—
Peterborough	1,000	206	206	—		—	—	—	—	—	—	—
Kingston	2,350	1,240	428	83		—	170	157	—	—	—	—
Prescott	5,500	4,793	586	697		58	1,128	949	96	—	—	—
Montreal	22,262	14,484	2,960	2,569		728	3,180	3,109	134	153	—	—
Montreal	750	428	175	52		—	71	108	—	—	—	—
Sorel	5,230	3,052	2,435	68		347	—	—	—	—	—	—
Three Rivers	9,300	3,284	1,344	254		16	341	225	6	—	—	—
Quebec	8,000	6,602	5	1,018		—	2,318	2,364	—	—	—	—
Baie Comeau	12,898	6,772	2,648	—		471	—	—	—	—	—	—
Saint John	500	419	419	—		—	—	—	—	—	—	—
W. Saint John	2,577	1,957	1,661	—		269	—	—	—	27	—	—
Halifax	4,152	2,739	1,031	681		—	554	473	—	—	—	—
Winter Storage Afloat	—	26,364	16,926	837		1,161	802	6,188	60	139	—	—
GRAND TOTAL	122,335	109,942	53,263	8,199		3,539	11,983	15,950	758	353	—	—

\*Included in this total are Canadian Western, Eastern and Foreign grain stocks.



W.E. Dec. 29, 1965

CANADIAN EASTERN GRAIN IN STORE EASTERN ELEVATORS

(in ,000's of bushels)

	Total Eastern Grain	Wheat	Oats	Barley	Rye	Flaxseed	Corn	Buck- wheat	Soy- beans
Collingwood	223	124	—	—	—	—	99	—	—
Midland	45	45	—	—	—	—	—	—	—
Owen Sound	20	6	7	—	4	—	3	—	—
Goderich	156	23	—	—	—	—	133	—	943
Goderich Elev. & Transit	1,727	678	3	—	—	—	103	—	11
Maple Leaf Mills	151	—	—	—	121	—	19	—	92
H. Walker & Sons	1,110	—	—	—	41	—	—	—	586
Maple Leaf Mills	1,243	1,110	—	—	—	—	99	—	—
Port Colborne	825	24	116	—	—	—	204	—	—
Toronto	249	37	8	—	—	—	53	—	—
Kingston	53	—	—	—	—	—	246	4	13
Prescott	808	283	262	—	—	—	22	—	—
N.H.B.	22	—	—	—	—	—	29	—	—
Montreal	29	—	—	—	—	—	—	—	—
Federee Elev.	—	—	—	—	—	—	—	—	—
N.H.B.	—	—	—	—	—	—	—	—	—
TOTAL	5,551	2,330	396	—	166	—	1,010	4	1,645

UNITED STATES AND OTHER FOREIGN GRAIN IN STORE & AFLOAT EASTERN ELEVATORS

	UNITED STATES GRAIN					Foreign Grain
	Total U.S. & Foreign	Wheat	Barley	Corn	Soybeans	
Owen Sound	186	—	—	186	—	—
Goderich	181	—	—	181	—	—
Goderich Elev. & Transit	2	—	—	2	—	—
Upper Lakes Shipping	408	—	—	408	—	—
Walkerville	567	—	—	—	567	—
H. Walker & Sons	709	—	—	92	617	—
Port Colborne	153	—	—	153	—	—
Toronto	1,226	—	—	1,226	—	—
Kingston	843	—	—	843	—	—
Prescott	202	—	—	—	202	—
Montreal	1,098	—	—	438	660	—
Sorel	868	—	—	868	—	—
Three Rivers Elevs. Ltd.	3,653	2,678	58	723	194	—
Quebec	250	—	—	250	—	—
Baie Comeau	—	—	—	—	—	—
Cargill Grain	—	—	—	—	—	—
Winter Storage Afloat	—	—	—	—	—	—
TOTAL	10,346	2,678	58	5,370	2,240	—

# AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

## CANADIAN WESTERN GRAIN IN STORE AND AFLOAT AT EASTERN ELEVATORS (in 000's of bushels)

W. E. Mar. 30, 1966.

Port and Elevator	Total Licensed Capacity	WHEAT			Durum Wheat	Oats	Barley	Rye	Flax- Seed	Rape- seed	Buck- wheat
		*Total All 4 Nor. Grain in Store	Higher	No. 5 & Lower							
Collingwood	2,000	501	3	74	—	270	90	10	—	—	—
Canada Steamship Lines	3,016	486	394	63	—	—	—	—	—	—	—
Midland	4,250	666	310	8	54	189	105	—	—	—	—
Midland-Simcoe	900	—	—	—	—	—	—	—	—	—	—
Renown Investments Ltd.	4,650	—	—	—	—	—	—	—	—	—	—
C.N.R. Elevator	4,650	—	—	—	—	—	—	—	—	—	—
Great Lakes Elevator	6,500	655	325	59	62	62	86	5	—	—	—
Marathon	6,500	538	142	—	396	—	—	—	—	—	—
Port McNicoll	3,000	1,006	316	217	—	400	254	173	—	—	—
Goderich	1,000	607	35	68	—	223	281	—	—	—	—
Goderich	5,400	1,679	321	12	101	50	70	—	—	—	—
Maple Leaf Mills Ltd.	1,250	773	177	—	—	—	—	62	—	—	—
H. Walker & Sons	3,000	533	—	43	—	65	88	—	—	—	—
National Harbours Bd.	2,250	706	678	—	—	—	—	7	—	—	—
Port Colborne	2,000	1,343	726	109	77	—	—	—	—	—	—
Port Colborne	4,000	1,780	679	139	52	113	62	—	44	—	—
Maple Leaf Mills Ltd.	1,000	—	—	—	—	—	—	—	—	—	—
Quaker Oats Co.	2,350	800	430	80	—	76	95	—	—	—	—
Canada Steamship Lines	5,500	1,981	282	322	—	391	360	15	—	—	—
National Harbours Bd.	22,262	6,393	1,556	1,138	120	833	1,942	31	1	—	—
National Harbours Bd.	750	272	122	28	—	18	91	—	—	—	—
Federee Elevators Ltd.	5,230	3,052	2,435	68	347	—	—	—	—	—	—
N. American Elevs.	9,300	2,545	1,343	90	16	58	74	3	—	—	—
Three Rivers Elevs. Ltd.	8,000	1,509	5	266	—	416	533	—	—	—	—
National Harbours Bd.	12,898	6,023	2,211	—	471	—	—	—	—	—	—
Cargill Grain Co.	500	14	14	—	—	—	—	—	—	—	—
C.N.R. Elevator	2,577	1,249	1,249	—	—	—	—	—	—	—	—
Marathon "B" & "H"	4,152	748	101	245	—	199	203	—	—	—	—
National Harbours Bd.	—	9,313	3,968	—	489	—	4,896	—	—	—	—
Winter Storage Afloat	122,335	45,832	17,822	3,029	2,185	3,363	9,190	306	45	—	—
GRAND TOTAL											

\*Included in this total are Canadian Western, Eastern and Foreign grain stocks.

# AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

June 16, 1966

## CANADIAN EASTERN GRAIN IN STORE EASTERN ELEVATORS

W.E. Mar. 30, 1966

(in ,000's of bushels)

Eastern Elevators	Total Eastern Grain	UNITED STATES GRAIN						Foreign Grain
		Wheat	Oats	Barley	Rye	Flaxseed	Corn	
Collingwood	54	8	—	—	—	—	46	—
Midland	29	29	—	—	—	—	—	—
Owen Sound	3	—	3	—	—	—	—	—
Goderich	96	—	—	—	—	—	96	—
Sarnia	1,125	636	—	—	—	—	95	394
Walkerville	534	—	—	—	68	—	432	34
Port Colborne	706	573	—	—	8	—	—	125
Toronto	525	23	6	—	—	—	8	488
Kingston	117	27	4	—	—	—	86	—
Prescott	16	—	—	—	—	—	16	—
Montreal	531	168	117	—	—	—	85	158
Quebec	13	—	—	—	—	—	13	—
TOTAL.....	3,752	1,464	130	—	76	—	880	1,199

## UNITED STATES AND OTHER FOREIGN GRAIN IN STORE EASTERN ELEVATORS

Eastern Elevators	Total U.S. & Foreign	UNITED STATES GRAIN						Foreign Grain
		Wheat	Barley	Corn	Soybeans	Soybeans	Soybeans	
Owen Sound	53	—	—	53	—	—	—	—
Goderich	150	—	—	150	—	—	—	—
Port Colborne	83	—	—	83	—	—	—	—
Toronto	166	—	—	121	45	—	—	—
Kingston	2	—	—	2	—	—	—	—
Prescott	595	—	—	595	—	—	—	—
Montreal	241	—	—	241	—	—	—	—
Sorel	202	—	—	—	202	—	—	—
Three Rivers	961	—	—	301	660	—	—	—
Quebec	346	—	—	346	—	—	—	—
Bale Comeau	3,341	2,560	58	723	—	—	—	—
TOTAL.....	6,140	2,560	58	2,615	907	—	—	—



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 18

Respecting

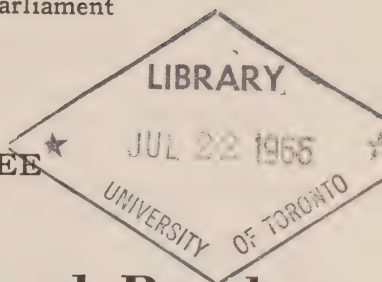
Estimates (1966-67) of the Department of Agriculture

FRIDAY, JUNE 17, 1966

WITNESSES:

The Honourable J. J. Greene, Minister of Agriculture. *From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966



STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Herridge,	Mr. Olson,
<i>Wolfe</i> ),	Mr. Honey,	Mr. Peters,
Mr. Beer,	Mr. Hopkins,	Mr. Pugh,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Rapp,
Mr. Choquette,	Mr. Johnston,	Mr. Ricard,
Mr. Clermont,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Comtois,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stafford,
Mr. Danforth,	Mr. Madill,	Mr. Stefanson,
Mr. Éthier,	Mr. Matte,	Mr. Tucker,
Mr. Faulkner,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Gauthier,	Mr. Neveu,	<i>guay-Huntingdon-</i>
Mr. Gendron,	Mr. Noble,	<i>Laprairie</i> ),
Mr. Godin,	Mr. Nowlan,	Mr. Yanakis—45.
Mr. Grills,		

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

FRIDAY, June 17, 1966.  
(22)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:48 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Choquette, Clermont, Comtois, Crossman, Danforth, Ethier, Gauthier, Gendron, Godin, Hopkins, Horner (*Acadia*), Jorgenson, Lefebvre, Madill, Matte, Moore (*Wetaskiwin*), Neveu, Peters, Pugh, Rapp, Schreyer, Tucker, Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan—(25).

*In attendance: From the Department of Agriculture:* The Hon. J. J. Greene, Minister of Agriculture, and Messrs. S. B. Williams, Assistant Deputy Minister; C. R. Phillips, Director General, Production and Marketing Branch; J. S. Parker, Director General, Departmental Administration; W. R. Bird, Director, Crop Insurance.

The Committee resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67, on Item I.

The Chairman introduced the Hon. J. J. Greene, Minister of Agriculture, who made a statement and was questioned by the Committee.

The Chairman thanked the Minister for his attendance and at 11:04 o'clock a.m. adjourned the meeting to Tuesday, June 21, 1966, at 9:30 o'clock a.m.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, June 17, 1966.

● (9.43 a.m.)

The CHAIRMAN: I think we will start. We have the minister with us this morning and I think you are all aware that we had promised him the right to come back with a follow up statement on policy, I believe it is. So without any further statement from me, we will hear from the minister, the Honourable Mr. Greene.

The Honourable J. J. GREENE (*Minister of Agriculture*): Mr. Chairman and gentlemen, as you will recall, after my opening statement the members of the Committee went into the general problems of agriculture, as relative to my opening statement, and I was to make a summing up statement after everyone had had their say. There has been some delay in that I have not been able to get here until today, so this statement is a general summing up of the points that were raised by the various members. I will attempt, as best I can, to answer some of the comments and queries that were posed.

Now, I am most appreciative of the very helpful comments that have been made by members of the Committee in discussing the general aspects of agricultural policy. I would, however, like to comment briefly on certain of these observations in order to explain in somewhat more detail certain aspects of the problems that were raised.

The question of goals or over-all agricultural policy has been approached by different members in somewhat different manner. It has been indicated that in my statement I was not forthcoming and had not indicated in detail, government objectives for agriculture and agricultural production. Coupled with this, there have been statements in respect of the rising labour problem.

It did seem to me that in a statement of this nature the most useful thing for me to do is to indicate in a practical, down to earth dollars and cents way, what type of returns we hope to achieve for farmers. These were returns equivalent, at least, to those enjoyed by workers in other fields. I am sure members will appreciate that how this goal is reached, what actions may be taken, what policy may be implemented will vary from time to time. But surely the important thing is that the objective of a fair and equitable return for labour and investment of the farmer is not lost sight of. In this over-all goal many subsidiary matters dealt with are included. Members have commented on labour and rising labour costs. Surely the practical way and, in fact, perhaps the only way of solving labour problems is to improve the farmer's economic position so that he may be fully competitive in the labour market. The same thing is true with regard to costs whether these be the inputs associated with

his day to day operations, such as farm machinery, or whether these be more basic items of capitalization, such as land and building costs.

The supposed partition of the responsibilities of the Department of Agriculture has been commented upon, the example used being that of the Minister of Trade and Commerce reporting to the House of Commons on Canada's participation in the International Wheat Agreement. I, for one, am a little at a loss to understand the concern expressed at this. Surely the Minister of Trade and Commerce, with responsibility for international trade and international trade negotiations, is the right person to report on matters affecting our international position.

Specific information was requested in respect of crop insurance and federal-provincial assistance to British Columbia fruit producers. The question was raised as to whether research work was being done on the feasibility of the extension of crop insurance to the fruit industry in that province. In clarification, I may say that while under the Crop Insurance Program it is the responsibility of the province to develop programs and to submit these to the federal government for approval, representatives of both governments have been working together in the preparation of preliminary data. I am confident that a program can be developed that will prove most useful to the fruit growers of that province.

In this connection it should be noted that a federal-provincial meeting was recently held in Ottawa at which all provinces were represented. At this meeting the entire question of crop insurance across Canada was thoroughly discussed and the views of all provinces were made known to the departmental officials here in Ottawa.

Insofar as concerns the assistance to producers in British Columbia who suffered losses due to adverse weather conditions, the federal government is providing 50 per cent of the funds necessary for the program. The program is based upon mutually agreed upon principles but the administration of the program and the administrative details are being handled by the province. It is my understanding that the payments are being made in orderly fashion.

Several members have raised the question of the impact of the dairy policy for the current year on the cream producers and on the small creameries. In developing the program it was considered that the most equitable approach would be to provide exactly the same level of assistance to producers of dairy products across Canada irrespective of the method whereby they marketed their products. Thus, cream shippers, manufacturing milk shippers and fluid milk shippers insofar as their production in excess of 120 per cent of fluid requirements is concerned, will receive the same payment, namely 85¢ per cwt of 3.5 per cent milk, less the 10 per cent per cwt holdback which will be used to provide a fund to assist in the export of dairy products.

It has been indicated that this places the cream producer in a relatively unfavourable position. Nevertheless, the estimated increase in the total cash returns of cream shippers and the shippers of manufactured milk for the current year as compared with 1965-66, is identical, namely, an increase in their income of slightly over 14 per cent.



In common with other dairy countries of the world, there has been a switch from the shipping of cream to the shipping of manufacturing milk. This has been continuing over the years but has, perhaps, been accelerated by the increased world prices in recent years for the solids not fat portion of the milk. For example, in Canada in 1957, 75 per cent of all butter was made from shipped cream. By 1965 this had dropped to 53 per cent.

Another general area that has been commented upon by honourable members has been that of crop insurance, P.F.A.A. and other related matters. The opinion has been expressed that there could be a possible conflict between P.F.A.A. and certain other departmental programs such as crop insurance. It is quite rightly pointed out that once a producer took out a policy under crop insurance, he no longer was obligated to make a contribution to P.F.A.A. and it should be added he is no longer eligible for benefits under P.F.A.A.

Concern was possibly expressed as to impact of crop insurance on P.F.A.A. as a continuing program. It does seem to me that these programs serve two separate and very distinctive purposes. The P.F.A.A. program per se is essentially a relief program although, over the years, somewhat under 50 per cent of the total funds paid out under this program have been contributed by the farmers themselves and the other 50 per cent by the federal government. It is of interest to note, however, that since the time the present rates for payment were established, the average payment per farmer has been \$303 and yet the maximum payable is \$800. In contradiction, the average amount of coverage provided in 1965 under crop insurance programs was slightly over \$2,000 per policy holder.

Reference was also made to the possible need for the development of a disaster fund to cover farmers' losses other than those associated with crop losses. In this connection it might be noted that certain provinces have funds of this nature and, in addition, protection against losses of many types is available through normal commercial channels.

Another question was raised with reference to the assessment of modern feed lots. The Department of Agriculture is very interested in improving the design of farm buildings and for some years has been supporting a Canadian Farm Buildings Plan Service in co-operation with the provinces. A special effort was made in 1965 to gather information on totally enclosed feedlots and barns with slatted roofs in order to help interested producers with the design of such structures. The department is not conducting commercial scale studies at present with totally enclosed beef cattle feedlots. However, the new beef cattle feeding barn, presently nearing completion at the Experimental Farm at Brandon, is totally enclosed and insulated and has slatted floors and liquid manure tanks. Two cattle barns under planning for the Animal Research Institute at Ottawa also will include these features. From these developments we expect to get useful information on confinement feeding or fattening cattle and on the value of slatted floors.

The University of Saskatchewan is also reported to be planning a totally enclosed confinement type of commercial feedlot, equipped with slatted floors. Consequently, we should soon have the necessary research facilities in Canada to

assess the advantages of these new feeding methods under Canadian conditions. Feeding barns of this type are already in use by producers in southwestern Ontario. Much useful observational information can be obtained from these enterprises and we will keep closely in touch with them for this purpose. However, the gathering of precise research data is usually more readily and more accurately accomplished at the universities or at our own research stations than at privately operated farms.

The question of adequacy of current facilities for the teaching of veterinary science has been raised. Members will be aware that the government has announced a policy of assistance toward the construction of the new veterinary college on the Campus of the University of Saskatchewan. It is my understanding that the projected facilities of this campus, coupled with those of the University of Guelph and the University of Montreal's Veterinary School at St. Hyacinthe, will do much to solve the problem of the supply of professional veterinarians in Canada. In this regard, I think it will have been noted that the contribution to the western veterinary college has recently been increased by some maximum of \$1 million by the federal government.

These are the general remarks, Mr. Chairman and gentlemen, that I wish to make in regard to some of the questions that were asked. I hope some of the answers have been useful and if I or my officials can be of any further assistance with respect to their relative areas of responsibility, I would be most happy to try and answer any questions.

The CHAIRMAN: Possibly some members have questions they have intimated already, Mr. Greene.

Mr. RAPP: Mr. Chairman, the minister made reference to the agricultural industry and also to labour. Our agricultural industry, particularly, in the west, is a heavily mechanized industry and it also should be treated as such. It should also have the attention of the department, particularly as far as farm labour is concerned and farm labour should be brought into Unemployment Insurance and the labour should also be in a position to avail themselves of training, the same as the industrial worker, in our technical and vocational schools. A man who may be employed by a farmer to operate a \$10,000 to \$12,000 combine or a \$12,000 tractor must know how to operate these and I have stressed that point before. I think the farm labourer must be given the same opportunity as the industrial worker to avail himself of training. This would put the farm worker on the same basis. I think the minister should give consideration to this.

It is no longer the farm industry that we knew 20 years ago when the farmer would hire a man and in a few days he could show him how to work a small tractor or horses and so on. I would like to stress the point that the farm labour or the farm industry must be treated on the same basis as any other industrial worker in any other industry in our country.

Mr. GREENE: Mr. Chairman and Mr. Rapp, Unemployment Insurance has certainly been discussed and talked about for some years and I can tell you that it is under current discussion. The problem has always been whether or not to make it blanket and compulsory that all farm labour everywhere is covered. I noted, from reading the Committee reports, and having heard representations

from members in the House and privately, that most of the members would seem to favour the approach of total coverage of all farm labour everywhere under Unemployment Insurance. And yet in my travels across the country and in asking different working farmers and farmers' groups this, I think there are problems involved.

● (10.00 a.m.)

There are many areas of agriculture that do not want unemployment insurance. We should be ready to accept that we will not be beloved by all if we bring in unemployment insurance across the entire industry. For instance, some dairy people have told me this; I might analogize what I am trying to say here. They say, "well, why should we, both the owner and the worker, be forced to contribute to unemployment insurance because the skilled dairy worker today is never out of work. There is always work; he can quit today at my place and go and work 100 yards up the road, they would grab him in a minute. So why should we contribute unemployment insurance when we do not need it; unemployment insurance is for those who may be out of work." Some dairy people have told me this.

Now, I am not wise enough to assess whether the entire majority would prefer it. The dairy industry is one area; in other segments of the agricultural community I have found there are some, at least, who do not want unemployment insurance. They say their area of farm labour will never be unemployed; it would just be an added cost; more forms to fill out. As one gentleman put it to me: "The government is sticking its nose into my business to an even further degree than it has already and it is in it too far already." I think we must appreciate—

Mr. HORNER (*Acadia*): Do you really think that the government is sticking its nose in too far already?

Mr. GREENE: This is a comment.

Mr. HORNER (*Acadia*): Can I accept that statement of yours?

Mr. GREENE: This is a quote. You were not listening as attentively as you usually listen.

Mr. HORNER (*Acadia*): I was listening, Mr. Greene, and I just wanted to know whether you really meant that and whether I could accept it as such.

Mr. GREENE: This is a quote of what a farmer told to me on why he did not wish unemployment insurance because he felt that the governments, federal, provincial and municipal, already were too deeply involved in everyone's business and this would be a further encroachment. I just point this out to say that I do not think all farmers are clamouring for unemployment insurance. There is a difference of opinion and all I can say is that it is the government's problem to decide which is the more widely desired view by the agricultural community.

Mr. JORGENSEN: He must realize now that he is contradicting himself.

The CHAIRMAN: Mr. Rapp has the floor, Mr. Jorgenson. I would like him to finish.



Mr. RAPP: What about the other point I brought up concerning the young people who want to learn farm work and who cannot avail themselves of technical training? By technical training I mean in particular that related to labourers or workers in the west where the agricultural industry is very heavily mechanized. Could training for these workers not be applied in the same way as for industrial workers so that they can then avail themselves of instruction?

Mr. GREENE: I think that is a excellent point and one that is well taken, particularly in the context that you put it, that the situation has changed so much during the last 20 years.

I might point out here, first of all that we in this country are always faced with the fact that education is a provincial responsibility and one that is very jealously guarded and the federal government has to be rather careful in embarking on any measures which involve education. I think in the vocational training schools, for instance, most of them have agricultural segments. Even in my part of the country I know they have, so that aspect of it is probably covered under the vocational training schools.

You are thinking more of advanced training on the job for older workers. I think it can be done under these joint training programs. You might be interested to know, if my information is correct, that the Province of Manitoba, under a joint training program, attempted to do something very similar to what you are suggesting and the problem was that they set up the training facilities but they could not find farm workers to go to the school. I think it is sound and certainly we must put the agricultural worker on a plane where he is just as well off as other workers. I think there is a matter of status also which, in our society, appears to be such an important thing. The farm worker, up to date, is apparently not looked upon as an important person or as having as high a status as the fellow who works in a motor car plant. I think this is another phase in what we must prepare the farm worker as best we can for a more sophisticated form of labour than he did 25 years ago.

Secondly, I think it is pretty important to indicate that in Canada the farm worker is just as good and important a person in our society as any other worker. I think it is one of the reasons why young people do not go into agricultural labour today.

But I think the point is extremely well taken and will certainly be noted, Mr. Rapp.

The CHAIRMAN: Mr. Jorgenson, do you have a supplementary?

Mr. JORGENSEN: The minister stated, during the course of his earlier remarks, that he thought one of the ways in which the problem of labour could be resolved is to make the farmer competitive in the labour market. Now, does he honestly believe that? Recently there was a contract signed with Seaway workers which brings them pretty close to \$3 per hour. Does he honestly believe farmers are ever going to be that competitive?

Then he states that he does not think that unemployment insurance should be granted to farm labour.

Mr. GREENE: No, I did not say that.

Mr. JORGENSEN: This is one of the reasons why the farmers are not competitive because unemployment insurance is not available to farm labour. Labourers will much prefer to be working in industries where, if they are laid off, they have an opportunity, at least, of getting a basic wage to carry them through the winter months. There are many farms that do not have year round employment. The minister spoke of the dairy farmer and, true enough, in the dairy farms there is work available the year round, but this is not the general area in which labour is so short today. It is in those farms where there is seasonal employment.

I cannot, for the life of me, see why farmers or workers working on farms where there is seasonal employment should not be just as eligible for unemployment insurance as those labourers who are working in other seasonal occupations and who have unemployment insurance available to them.

Mr. GREENE: Let me make my position quite clear with respect to unemployment insurance, since it appears that I put it badly. I have publicly made my position clear many times that I am in favour, and very much in favour, of unemployment insurance for farm workers. The only issue in unemployment insurance was whether or not it should be brought in blanket across the board for all farm labour or whether it would be possible to bring it in in segments.

For instance, if the fruit industry wished unemployment insurance we could put it in there without necessarily having to put it into the dairy segment of farm labour. This, because of the rules and regulations of unemployment insurance and of the Unemployment Insurance Commission, has apparently not been possible to take. So the current question is whether or not it should be put in blanket and right across the board. I think most members of Parliament are in favour of this and the only thing I wish to point out is that this does not mean all persons engaged in agriculture are in favour of this blanket approach.

Many say, "I would like unemployment insurance but I would like to be able to take it or leave it". Of course, you cannot do that once you have unemployment insurance; it either goes in or it does not go in. If it goes in, it is compulsory, not selective.

Mr. HORNER (*Acadia*): A supplementary question. Why could you not bring it in on a voluntary basis? A man could carry around his unemployment insurance book and you could put the stamps in it if you so want.

Mr. GREENE: That is not the basic principle of the Unemployment Insurance Act.

Mr. HORNER (*Acadia*): It is a condition of heart. Why could it not be brought in, sir, on a voluntary basis?

Mr. GREENE: You would have to change the whole basis and philosophy of the Unemployment Insurance Act.

Mr. HORNER (*Acadia*): It is not necessarily the philosophy you might have to change, in order to make an amendment.

Mr. GREENE: Workmen's Compensation is not optional, it is compulsory.

A further thing, Mr. Jorgenson, with regard to your question, I think undoubtedly Workmen's Compensation, unemployment insurance, these ameni-

ties, if you like, which labour in other fields have, are some of the things we can do to make farm labour more attractive. It does not mean that the steel worker must make no more than someone working in a textile plant—there are differences in the labour market—but in the end result, I think if the farmer is not able, because of his economic position, to pay attractive wages then we are not going to solve the farm labour problem. I think that is the ultimate solution.

Mr. SCHREYER: Mr. Chairman, on this very point, I think most of us are dreaming when we think that, with a few changes et cetera, our farmers will be able to hire or obtain farm labour. The fact is that many farmers themselves are not able to obtain a decent return on their own labour input and I doubt that the day is close, unless something is done about basic price in the agricultural industry, when we will ever come really close to solving the farm labour problem.

Mr. Chairman, I had one question to do with technical vocational training, as it relates to agriculture. I would ask the minister if the federal department is in any slight way involved with technical vocational training as it relates to the agricultural industry?

Mr. GREENE: It comes under the Department of Labour, as you know, and do we have people who go on their committees, and so on? To what degree and what contribution do our people make? It comes under the Department of Labour but I am instructed that some of our people are on the committees, working with the Department of Labour in developing the programs.

Mr. SCHREYER: My last point, Mr. Chairman, is this. The minister intimated that technical vocational training relative to agriculture comes under the field of education, therefore the federal government must work in co-operation with the provinces. Now, there is nothing wrong with that but I would ask the minister if it could not also be looked upon as coming under agriculture, which is a federal-provincial field. The federal government could take the initiative in technical vocational training to train farm workers if the federal department really wanted to. Does the minister really believe that there is any sort of constitutional problem?

Mr. GREENE: Well, this has always been one of Canada's problems. I think anything to do with education is probably the paramount right of the provinces, which the constitution and the courts have guarded most jealously. I really cannot say, if it came to a constitutional question of whether it is agriculture or whether it is education, who would win in the Supreme Court of Canada. But I think that in anything to do with education, most would agree that it is very important for the federal not to step in of its own volition, but to work through and with the provinces who have that responsibility. It certainly is my view and I would think it is one we should stick to but I do not think it is one that would preclude the development of agricultural education.

I think agricultural education through the vocational training program, has worked quite well. Most schools I know of, under the plan, have agricultural sections, which is something new and something worthwhile.

Mr. SCHREYER: Mr. Chairman, to conclude, I will put a blunt question to the minister, although I do not think it is an unfair one. Why has more not been



done with respect to technical vocational training of people for the agricultural industry? The minister suggests that most schools, of which he is aware, have some such sort of programming. From my experience, in western Canada, I would say to him that almost no schools offer such a training program.

Mr. GREENE: Schools in western Canada have built vocational training schools under the act. Do they not have an agricultural section as well as one for mechanics?

Mr. RAPP: In Moose Jaw, for instance, they have mechanical training in engines, tractors, welding and so on.

Mr. GREENE: You see, it is one thing to have education but you have to have people who want to take that education. If people do not want to be farm labourers there is not much we can do. We are talking about farm labourers, I think, not so much as training people to run their own farms better. I am not trying to minimize the problem, believe me; one of the grave and crucial problems with respect to Canadian agriculture is where does this pool of farm labour come from; how do we make this an interesting vocation and a profitable one? I do not profess to have any easy answers.

As you know, this is not a Canadian problem. From the little knowledge I have been able to acquire of what goes on in agriculture in the rest of the world, I find they are having the same problem. I found it in France; I found it in Yugoslavia; I found it in England, that the pool of farm labour, which always used to be available in a more depressed society because it was a sort of pool of unskilled, marginal labour and it was always there, has now that our society has become more affluent, disappeared. One of the great problems is to see how we can make it available. I agree that education is part of it but we could have all the schools in the world and if nobody wanted to be a farm worker, they would not do us any good.

Mr. SCHREYER: Mr. Chairman, may I ask one last question? The minister is convincing when he says that the problem is really not so much one of having the school training facilities but one of the availability of potential farm labour itself and also the wage level factor. I would ask the minister has the department been giving serious and systematic consideration to the possibility of setting up employment service offices in some of our Indian reserves? What about our indigenous Indian population? What about setting up one or two or three regional offices across the line to try and obtain a labour supply? Or in Mexico or Portugal or anywhere?

Mr. GREENE: Well, again, of course, you get into the complex—

Mr. SCHREYER: Farmers are not organized to do this sort of thing.

Mr. GREENE: No. The Department of Labour apparently does this, to a certain degree. When you get into foreign labour you get into the Department of Citizenship and Immigration. The West Indian labour that is coming into the tomato country was evolved, I think, by that department.

But with respect to our own native Indian population, I am not aware of whether anything has been done in this regard. The Departments of Labour in the provinces, I am instructed, have attempted this.

An hon. MEMBER: They have a labour office in practically every town; I am quite sure of that.

Mr. GREENE: No, but he was stating, specifically, with respect to the Indian population. I am instructed that this is being done and is working quite well.

Mr. JORGENSEN: Whenever you can find an Indian who will go to work on a farm.

Mr. GREENE: I guess the basic problem applies to Indians as well as to others.

The CHAIRMAN: I think Mr. Jorgenson meant, Mr. Minister, that even the Indians recognize that farm labour is not treated the same as other labour in Canada.

Mr. ÉTHIER: Mr. Minister, we have on the order paper a motion dealing with the National Dairy Commission. Is it too early at this stage to give us some broad idea of how it will work?

Mr. GREENE: Well, as you know, Mr. Éthier, it is on the order paper and I hope will be coming before the House in the next very few days and I would prefer to save the discussion until that time. I think it is coming very shortly and you will have a full opportunity to discuss it then. I think we might be transgressing the rules if we had an advance debate here.

Mr. ÉTHIER: I understand the Dairy Commission is going to work in a joint program with those provinces mostly involved in dairy products. Are the main provinces ready for that at the moment? I am thinking of Quebec, Ontario and British Columbia.

Mr. GREENE: Again, as you know, this is a basic Canadian problem. The Courts have held that marketing is a provincial responsibility within our constitution and yet once a product crosses a border, it becomes a federal responsibility. The marketing of any product will work best if you have a federal marketing agency and also provincial marketing agencies working in conjunction with the federal agency to cover the whole ambit of the marketing of that product.

Now, regarding your specific question with respect to a National Dairy Commission, the province of Ontario has, as you know, a provincial marketing board which is geared to and will work with the National Dairy Commission and which was set up in discussion and negotiation with our federal people. It was set up with the very specific purpose of working in conjunction with us when the National Dairy Commission is evolved by the House. The province of Quebec does not yet have such an undertaking; undoubtedly, this is going to make it more difficult, to have effective national marketing of dairy products until the province does complete its plans. They were announced in the last Throne speech. It has now gone down the drain, I would take it. I am instructed that there is apparently a board, of a type, but not one that is specifically geared to work with the plan of the National Dairy Commission. I think British Columbia does have a board. But the ultimate will be and the plan will only work effectively when there are boards, probably in each province, geared to work in conjunction with the National Dairy Commission.

Mr. ÉTHIER: A while ago some members raised the question that it was hard to get farm labour and very few youngsters want to stay on the farm. There are many reasons for that. At the moment I do not think a young man can begin and operate an economic unit on a farm unless he has \$10,000 cash in his pocket. Do you think, Mr. Greene, there is a possibility of changes occurring in the Farm Credit Corporation loans system to enable especially young farmers under 30 years of age to apply for a loan? Now they demand 25 per cent; you cannot get a very good economic unit under \$40,000, if a farmer wants to make a living out of it which means it is necessary to borrow \$10,000 in cash. Do you foresee any change in this or any exceptions being made for young farmers, whereby they could make a down payment of something like, say, 10 per cent?

Today, a man with a small job which is perhaps not guaranteed for more than a year, can go to Central Mortgage and get a loan of \$10,000 or \$12,000 with just his lunch-box in his hand whereas a farmer who has \$3,000 or \$4,000 in his pocket cannot get a loan on a farm. Do you foresee any change in the Farm Credit Corporation's laws on that?

Mr. GREENE: Mr. Éthier, I know you have been very keen on this subject and quite rightfully so. You have made these representations to me forcibly and often, as have other members, and also, in the debate in the House on my estimates, this came up very enthusiastically from many members. As a result, I made representations to the advisory board of the Farm Credit Corporation to go into this question in detail. They are considering it at the present time; they have given me an interim report and I am going to follow this up very assiduously. I certainly think your point is well taken and the advisory board of the Farm Credit Corporation has it under advisement at the present time.

Mr. ÉTHIER: Thank you, Mr. Greene.

*(Translation)*

Mr. MATTE: I would like to know how much does each farmer pay personally, each Western farmer, for crop insurance. How much does he pay for a \$1,000 coverage? Could you tell me? What is the premium for a \$1,000 coverage in the West?

*(English)*

The CHAIRMAN: I am going to make just one suggestion, Mr. Matte. We have Mr. Bird, who is a specialist on crop insurance, and as soon as the minister's summing up of his policy statement is finished, we will continue with Mr. Bird and the question could possibly be answered in a more detailed way at that time.

*(Translation)*

Mr. GREENE: About 6 to 12 per cent.

Mr. CLERMONT: Mr. Greene, in your remarks you might have mentioned, before I arrived, a subject that is presently in the news, namely the importation of eggs. I understand you have certainly received correspondence from members of farm associations of Quebec and perhaps some from other provinces. Is there any possibility that this situation can be improved?



Mr. GREENE: The problem of importation of eggs is, of course, always one of price; when prices are good there is always the danger of bringing eggs in. At the present time, as a result of the representations made by yourself and by, I think, the UCC, the Department of National Revenue is now investigating to see if these importations are contravening our anti-dumping laws.

I must say I am not entirely happy about the application of our anti-dumping laws. It seems to me it does not work quickly or effectively enough; by the time we get through investigating, it is too late to do much good. Certainly it is an area that needs to be worked on and I appreciate having it drawn to my attention and I intend to do what I can. I think, maybe, we need to apply them a little less diplomatically and a little more in the interests of the farmer.

Mr. CLERMONT: It seems that this situation is repeating itself nearly every two years. I understand, according to figures, that in 1961 we exported about 160,000 cases of eggs but in 1963 we imported 190,000 cases of eggs. I think the production, marketing and methods will have to be improved and let them know the prices of these eggs.

Have you received any representations, Mr. Greene or Mr. Williams, from farm groups concerning this?

● (10.30 a.m.)

Mr. GREENE: I am instructed that we have requested the information and that we are now working with them to try and find for them the information they want in this regard, Mr. Clermont.

Mr. CLERMONT: This is my last question, Mr. Greene. During the questioning of Mr. Williams, reference was made to the Cheese Factory Improvement Act. I understand that since 1962, no subsidies have been paid toward the amalgamation of cheese factories. Can this subsidy be brought back?

Mr. GREENE: The cheese amalgamation subsidy is still on the statute books; it is still in effect on paper but since 1962, when the program was abrogated really by Treasury Board, it has never been revived. The thinking is, generally, that the act, which has been a useful one and the program which has been a useful one, had pretty well used up its course, that most of the amalgamation that was needed, or the vast majority of it had been completed and, accordingly, Treasury Board has never seen fit to reinstate it. It was a Treasury Board decision.

I might point out that, not too long ago, a program in one particular instance, which effected amalgamation, was achieved under ARDA even though the act, as we know it, under the cheese factory amalgamations and under the Department of Agriculture, was not in effect.

Mr. CLERMONT: To finish, we were told, during these questions and replies that once in a while your department receives requests for such a grant.

Mr. GREENE: Yes, that is true.

Mr. CLERMONT: Thank you.

Mr. GREENE: In order that you will not be confused, as I was, by the fact that you see in the estimates that some grants are being made, it is because they are programs that were accepted prior to 1962 and are now being carried out.

The CHAIRMAN: I want to clarify a statement I made, Mr. Jorgenson, about the Indians recognizing farm labour. What I meant was that even Indians recognize that if they go and do farm labour they are not treated the same as labourers in other fields of industry.

Mr. HORNER (*Acadia*): Treated the same by who?

The CHAIRMAN: By the government, as far as unemployment insurance is concerned, because even if they worked in an amusement park for three or four months in the summer or some part-time job at a resort or something, they get unemployment insurance. They may work six months on a farm but they do not get unemployment insurance and this is why so many of them object.

I do not believe they are all aware of the fact that if they work on a poultry farm they get unemployment insurance; whether they are out driving a tractor or a combine on a poultry farm, they are still covered by unemployment insurance. These people do not have the difficulty that a great many other farm people have. I just wanted to clarify what I meant.

Mr. HORNER (*Acadia*): Mr. Chairman, I have a series of questions which I will put quite quickly and briefly. First of all, with regard to the farm help problem, did the minister make any special effort to bring over, through his department, an increased amount of farm help through immigration? I notice that last year something like 2 per cent of the immigrants who came over to Canada were for farm labour. Has the minister or the department made any special effort in this regard to bring over interested people to work on farms in Canada?

Mr. GREENE: We are in constant communication with the Department of Citizenship and Immigration. We realize the need, as well as you do, and we are doing what we can.

Mr. HORNER (*Acadia*): No special advertisements though, I understand?

Mr. GREENE: No, there have been no special advertisements.

Mr. HORNER (*Acadia*): What does the minister think of the Sedgwick Report regarding immigration in which Mr. Sedgwick states that sponsored immigration should be curtailed or eliminated, in view of the number of years farm labour has been sponsored by farmers and brought over to Canada, particularly since the war. Has the minister made any representations in this regard or is aware of the Sedgwick Report?

Mr. GREENE: I am aware of the Sedgwick Report. I can only say that, insofar as I am concerned, I believe that in the agricultural sector, which is my responsibility, we need as much capable farm labour as we can get and I will certainly oppose any philosophy or policy which will preclude our acquiring it.

Mr. HORNER (*Acadia*): In other words, you are prepared to oppose that recommendation of the Sedgwick Report in cabinet, if you have not done so already?

Mr. GREENE: I have not said that. I have said that any provision that will make it more difficult to get farm labour in Canada will not have my support. I think we need farm labour.

Mr. HORNER (*Acadia*): But we must do more than just say we will not have a negative approach or that we will not give any program our support. What I believe—and I hope you and your department does too—is that you must take the initiative and go on the offensive to gather and reap farm labour for the agricultural industry in this country. Do you not agree with me on that?

Mr. GREENE: I agree with that. Farm labour is very hard to get anywhere in the world.

Mr. HORNER (*Acadia*): Do you not think that perhaps we should be doing more advertising through the Department of Agriculture or through the Department of Immigration?

Mr. GREENE: I think that is a point well taken and I will certainly take it under advisement. We have not done it to date but I think it is an excellent suggestion.

Mr. HORNER (*Acadia*): Thank you. I have a few more questions, Mr. Greene. With the economic approach, you suggested that farm labour will, in a sense, resolve itself as soon as we can establish farmers in an economic position where they will be able to pay wages comparable with those in any other industry. In realizing this fact, did you, as Minister of Agriculture, protest the increased cost of shipping on the Seaway, particularly because this had the effect of shrinking the economic margin on which a farmer would be able to live?

Mr. GREENE: The increase in the longshoremen's wages was—

Mr. HORNER (*Acadia*): No, I am not referring to the longshoremen's wages. I am referring to the Seaway tolls and the tariff put on the locks, which was a new innovation.

Mr. GREENE: As I understand the process with respect to the Seaway tolls, and again I am not an expert in this field, the Seaway Authority determines this and then makes recommendations to cabinet. I do not think it has reached that level yet. I think the Seaway Authority are considering this proposition and are to report, if I understood the Minister of Transport's expression in the House in this regard. Until such time as the Seaway Authority reports to the cabinet there is no action taken by the government. The government will have to cross that bridge when it gets to it.

Mr. HORNER (*Acadia*): When you do get to that bridge, are you prepared to defend the farmers in opposing any application for an increase in these tolls, which will have an effect on the increased cost to the farmers?

Mr. GREENE: I do not think at this time I am prepared to answer a question which is hypothetical, except to say that my job is to protect the farmers' interests in every way I can and that I shall always continue to do that. That is why I am here.

Mr. HORNER (*Acadia*): I do not think my question is quite as hypothetical as you suggested, Mr. Greene, and I would hope you would be prepared to act very vigorously on behalf of the farmers concerned in this matter.

Mr. GREENE: I get the message, sir.



Mr. HORNER (*Acadia*): Are you aware, Mr. Greene, that many, many farmers across Canada are faced with increasing costs, whether they be big or small, while their gross sales and their products have no real relationship. This is the basic problem; they have no real relationship to the cost. I am thinking here of the pension plan. Have you had any representation from farmers, generally, that this pension plan is an increased cost which they must bear and yet they cannot tack on to their price for their product?

Mr. GREENE: Yes, I have had some representation in that regard. I have also had representations from farmers who were in favour; they said that this was something which was available to them the same as it was to everybody else. When we spoke earlier about unemployment insurance and so on, the point was made that surely the farm labourer and the fact that he can get the Canada Pension Plan the same as everyone else—

Mr. HORNER (*Acadia*): I am talking about the farmer himself, Mr. Greene, not the farm labourer. I believe the farm labourer should be entitled to the pension plan. When you are farming—as I hope some day you are—you will realize that you build up your pension as you build up your farmstead and your farm and that, in a sense, you are putting aside a nest egg for your pension, which may not be declared income until you die. Then, all of a sudden, your estate is worth something. But this is income on which, in a sense, you should be able to pay a pension premium but you cannot and, therefore, the pension plan has little or no effect on farmers.

I wonder if you and your department have considered asking the government to exempt farmers from the pension.

Mr. GREENE: I can only point out that the same argument is applicable to any individual businessman. I would point out that the farm organizations both endorsed the Canada Pension Plan.

Mr. HORNER (*Acadia*): What do you mean when you say “both”?

Mr. GREENE: Both the Farmers Union and the C.F.A. endorsed the plan.

Mr. HORNER (*Acadia*): I just wanted to make sure to which you were referring.

Mr. GREENE: This is something which is government policy and is now the law. The government will have to be prepared to be judged by the farmers, as well as by other people in Canada, on whether or not this was the right thing.

Mr. HORNER (*Acadia*): Mr. Greene, in your opinion and in that of your department, what percentage of the farmers do you think will be covered by the Canada Pension Plan?

Mr. GREENE: What percentage of farmers—

Mr. HORNER (*Acadia*): Earn enough income to pay into the plan.

Mr. GREENE: You know the limitations of the Canada Pension Plan; I think it is \$800 a year minimum. Well then, I do not have before me the percentage figures of farmers who make an income below that.

Mr. HORNER (*Acadia*): In other words, you have made no detailed studies in that regard.

Mr. GREENE: The Canada Pension Plan, as you know, does not specifically come under the Department of Agriculture, but I think that surely if our policies are sound and are evolved in a proper fashion, there will be no farmers who are not covered. If our agricultural policies are good, surely all farmers will make more than that minimum income.

Mr. HORNER (*Acadia*): That is taxable income.

Mr. GREENE: But if they make less than the minimum.

Mr. HORNER (*Acadia*): That is net income.

Mr. ASSELIN (*Richmond-Wolfe*): It is not obligatory to the fund.

Mr. JORGENSEN: I just want to ask a supplementary question on whether the minister would be prepared to make a study on how many farmers are not going to be covered by the Canada Pension Plan.

Mr. GREENE: I would be pleased to do so and report back to the Committee.

Mr. HORNER (*Acadia*): I have two or three further questions, Mr. Chairman. Has the minister taken into consideration the effects of rail line abandonment, in the prairies particularly, and the Canada Grain Act, which states that a licensed elevator must be on trackage?

If I may just state briefly, Mr. Chairman, if this is not changed it will have the effect of adding 5¢ or 10¢ a bushel truckage or haulage on the farmers' expense, an additional expense, rather than coming under the Crowsnest Pass rate and the rail freight rate. In other words, if we have three railway lines and the middle one is pulled out, then the farmers living close to the middle one must haul that extra 30 or 40 miles, putting at 5¢ to 10¢ a bushel tariff, an increased cost, on the producing of that grain. But if that elevator is left there and allowed to be licensed then the grain companies or the railroad will have to take the grain from that elevator and move it.

I know of elevators in western Canada from which the railroads are trucking out grain and I just want to make this point. Are you aware of this and will your department give it very, very thorough consideration because it is going to mean an increased cost to the farmers and this is what I am afraid of. I am greatly afraid of anything that puts up the cost because sometimes the farmers' prices do not bear a relationship to the costs.

Mr. GREENE: Certainly I am aware of the problem and, in the rationalization program, these are matters which will all have to be considered. Now that we are in an era, not of where we can sell what we produce but, in future years, of being able to sell everything we produce, the key to the future of the western wheat farmer and the big question, to a very large degree, is how economically can we move it at world prices that will be profitable to the farmer. I think this is the very essence of the future problems of the wheat farmer and certainly it is something to which I will be paying great attention in the next few years.

Mr. HORNER (*Acadia*): One or two further questions. Has the department—I want to be as kind to them as I can—benefited from the errors they made in the method in which they brought in the Charolais bulls of last year? In other words, are they going to be more careful in bringing in more bulls this year in

only allowing what might be called registered producers of Charolais cattle to bring them in? Or are they just going to continue on the first come, first served basis of last year?

Mr. GREENE: The department, of course, did not bring in any animals. These were brought in privately, as you know, and the department last year issued permits which are not restricted to Charolais, but are permits for the importation of cattle. With respect to the problem, which seemed to be troubling a number of the members, of whether these were to stay in Canada, I have told the two members who were most concerned in the House of Commons—

Mr. HORNER (*Acadia*): Do not rate us, please.

Mr. GREENE: Then perhaps I should say the two members who had brought up the matter in the House of Commons—that we instituted an inquiry among all the persons who had brought in Charolais last year and only one, out of the whole group, indicated that he was considering applying for the exportation of one Charolais.

Mr. HORNER (*Acadia*): Mr. Greene, you are well aware that the department has definite policies laid down with regard to registered seed and that only registered seed growers get the first variety, the first strain and so on. You are well aware of the fact that Charolais importation into Canada is completely different from the importation of, say, one of the English breeds.

Mr. GREENE: You can bring in any breed of cattle. Anyone can bring in Herefords.

Mr. HORNER (*Acadia*): Let us be frank, Mr. Greene, you are surely aware that there has been no importation of Charolais cattle into the North American continent for a good many years?

Mr. GREENE: That is quite true.

Mr. HORNER (*Acadia*): This puts this breed and the bringing of this breed into the North American continent into a different category altogether than the English breeds.

Mr. GREENE: If I understand your position on this, what you are advocating is that no-one but registered Charolais breeders should be permitted to import Charolais cattle.

Mr. HORNER (*Acadia*): This is one of the restrictions which I think the department should very, very seriously consider. In other words, I am not going to strongly condemn you or the former minister for bringing in Charolais cattle, but I do think it is an ignorant department and minister who does not learn by past mistakes. In other words, experience is by far the best teacher.

Mr. GREENE: And you say it was a mistake to bring in the Charolais or a mistake to permit anyone except a member of the Charolais association to bring in these cattle?

Mr. HORNER (*Acadia*): I say it was a mistake to bring in Charolais in the manner in which they were brought in a year ago. There should have been stipulations laid down one of which should have been that only a registered breeder should have been allowed to bring them in.



There could have been other stipulations made, such as that no female be exported from Canada, from this breed, for the first 10 years after arrival. The Canadian taxpayers have spent a lot of money in developing the quarantine station; we took a risk. In other words, the Department of Agriculture and the government of Canada placed the whole live stock community at a risk in bringing these in. You are well aware of this and I know you will agree with that. I am referring to the risk of foot and mouth disease, Mr. Chairman.

The CHAIRMAN: Could I say something on this, Mr. Horner. I think we are shortly going to be dealing with the health of animals and I know several members have intimated to me that they want to bring up this very same subject. Possibly, at that time, when Dr. Wells and other officials are here, it would be most proper that we have a detailed discussion, when all these opinions and questions could be utilized to great advantage at that time.

Mr. GREENE: I just want to make this clear so that your thinking is clear on this. I am sure you will appreciate, Mr. Horner, that we do not issue permits to bring in Charolais—we issue a permit to bring in cattle.

Mr. HORNER (*Acadia*): Well, Mr. Greene, I know what you did in the past. This is a policy decision, Mr. Chairman, and this is why I want to take this a little further with the minister, if I may, because I realize this is a policy decision, and that the minister is the one who has the key on policy. I realize that you only issue permits to bring in cattle but I am making the point that while I am wholeheartedly in support of the bringing in of Charolais cattle and commend the former minister for doing this, I wish he had done it properly; that is all.

I hope both you and your department now recognize, that the bringing in of Charolais cattle to the North American continent and to Canada in particular, is something absolutely different than bringing in any other registered English breeds. Therefore, you should set up specific rules and regulations under which they can be brought in including the length of time females, in particular, should or have to remain in Canada.

Mr. GREENE: I want to clearly get your views on this because you are knowledgeable in this area and it is important we know exactly what your views are. First, you feel that no one but a registered Charolais breeder should have permission to bring them in. Is that correct?

Mr. HORNER (*Acadia*): Yes. I would support that theory.

Mr. GREENE: Secondly, you believe that there should be restrictions up to ten years?

Mr. HORNER (*Acadia*): I said from five to ten years. I only suggest this but you could work this out, for females, at least.

Mr. GREENE: For females, at least, these are your views.

Mr. HORNER (*Acadia*): Certainly, Mr. Greene, the Charolais industry received a real shot in the arm with the importation of these cattle—and you can look at your figures and my figures. The beef and livestock industry means more to Canadians than sometimes our much touted wheat. We have a golden opportunity, here on the North American continent, to build up a seed plant of Charolais cattle and I just want the government to be fully aware of this fact and to allow our livestock industry in Canada to benefit from some of the policies which have been adopted.

Mr. DANFORTH: Mr. Chairman, this is a supplementary question.

The CHAIRMAN: Well, Mr. Muir's is supplementary too. I am just trying to be fair here. We are going to be finished soon.

Mr. DANFORTH: We have asked the department and the minister, during the presentation of the estimates in the House, if this Committee could be provided with a complete and detailed explanation of the importation of Charolais cattle, and, had we had this, it would have been a lot easier for us to ask the questions and to know exactly what the government was doing. My supplementary question is, is this report being compiled and will it be provided?

The CHAIRMAN: Mr. Danforth, the Committee has the subject of the Department of Agriculture, the health of animals and the importation of cattle from countries not traditionally free of foot and mouth disease. We have this. It was sent last week to the members.

Mr. DANFORTH: I never received it.

The CHAIRMAN: We sent it out because we wanted the members to have it before Dr. Wells came, and I am sure I have it in my office.

Mr. DANFORTH: I never received it.

The CHAIRMAN: Some of the members have it with them now.

Mr. GREENE: We will make sure you get one, Mr. Danforth.

Mr. DANFORTH: I wish you would.

Mr. HORNER (*Acadia*): I have one further question but it is on another subject matter.

Mr. MOORE (*Wetaskiwin*): I have a supplementary question here. I do not believe this permit need necessarily be confined to breeders of registered Charolais; any bona fide cattle breeder should have as much right to get a permit. I do not question that at all because, in the first place, Charolais cattle are primarily a quasi breed. I think to allow speculation is to defeat the purpose of importation because if the Americans want Charolais cattle they can issue permits to their breeders and have them brought in under a separate deal.

I read an article written by someone who did not seem to know too much about the cattle business in which he said: "What are they kicking about? Here is a fellow in B.C. who sells a share in a bull, for a lot more than he paid for it, of course, but all he is sending out of the country is the semen." He wanted to know what is wrong with that. I say there is nothing wrong with it.

But that is not the point under consideration at all. It is the selling of the actual animals which were brought into this country in order to improve the breed and believe me, I am all for it. As an experiment, I have used Charolais in cross-breeding through the A.I. units in Ontario. Naturally, there is a need for these cattle, but I do not believe the purpose should be defeated by allowing them to come into this country and then go out at a profit because this is not the purpose for which they were brought in, especially in the case of the females.

I have talked to the heads of the Charolais association, I know some of them personally and I have even visited the farm of one man and have talked to him on two or three occasions since and they feel that especially females or their female offspring should not be allowed out of the country for a number of years. I do not think it should be ten years, but at least for a number of years, and two, at a minimum. That is all I have to say.

The CHAIRMAN: The House is going to be in session shortly. Mr. Pugh has a question but I do not know if we have any more time.

Mr. PUGH: Mr. Chairman, on this present subject, a number of people have asked supplementaries and when I want to ask one—I am not saying this in any way of criticism at all—our time is up. But the point is this, and I do not care whether this goes on the record or not, when will we see the minister again? I am not going to be here next week; I do not know what the agenda is.

The CHAIRMAN: Maybe we can find out when Mr. Horner is branding cattle or something like that, then we can make arrangements with the minister.

Mr. PUGH: He has another question, too, and I have quite a number of them here. You see what I am getting at. It is a question of timing. What I have to ask might take a little while. Certainly I want to ask supplementaries on farm labour and unemployment insurance; certainly on the freeze; the Canada Pension Plan and a number of other questions.

● (11.00 a.m.)

Mr. GREENE: The point is that we want to move these things along if we can and I am prepared to be here any time I possibly can.

The CHAIRMAN: I have a list of several members who are probably in the same position as Mr. Pugh and who want to ask the minister questions. All next week we will continue on the estimates and try to get as many of them passed as possible. Then, during the following week, we could try to make arrangements to have the minister appear before the Committee.

Mr. PUGH: Could I put a couple of suggestions here inside of two minutes? Is the minister pressed for time? With reference to the Canada Pension Plan, I would suggest that in certain types of fruit farming, for instance in cherry growing where farmers are very, very lucky to get one crop in three years and are exceedingly lucky to average that, under the Canada Pension Plan they can only work on the maximum of \$5,000 in any one year. and are therefore two years out in their averaging under the Canada Pension Plan. This means that by the time a farmer is ready to retire he is retiring on no Canada Pension Plan whatsoever, or very very little, if you work it out, as I have. Therefore my first suggestion is that it be averaged in much the same way as income tax is averaged for a farmer.

The second point is that the minister mentioned the fact that he found a number of farmers who said: "No, we do not want this unemployment insurance." As in all forms of industry, it is not the employer but the employee who must be considered. In the case of the farmer it is a twofold deal in that he must seek his workers in the employment field and I know from personal experience as, no doubt, so does the minister, that many workers are loathe to work on a farm unless they can get their stamps in their book. There are full-time employees on farms with no stamps and no unemployment insurance.

I suggest we look into this thoroughly, both from the point of view of the employee and the farmer.

I do not want to start on the question of the freeze now, but those are the two suggestions.

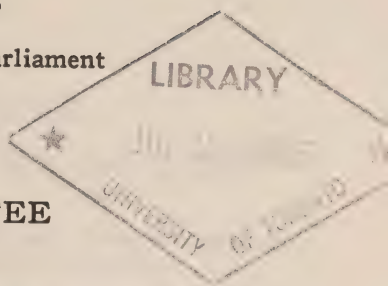
Mr. HORNER (*Acadia*): I have more questions, too, Mr. Chairman.

The CHAIRMAN: I still have the names of several members. The meeting is adjourned.



HOUSE OF COMMONS  
First Session—Twenty-seventh Parliament  
1966

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STANDING COMMITTEE  
ON

# Agriculture, Forestry and Rural Development

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 19

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Respecting  
Estimates (1966-67) of the Department of Agriculture

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TUESDAY, JUNE 21, 1966

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## WITNESSES:

*From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. W. R. Bird, Director, Crop Insurance.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Herridge,	Mr. Peters,
Wolfe),	Mr. Honey,	Mr. Pugh,
Mr. Beer,	Mr. Hopkins,	Mr. Rapp,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Ricard,
Mr. Choquette,	Mr. Johnston,	Mr. Roxburgh,
Mr. Clermont,	Mr. Jorgenson,	Mr. Schreyer,
Mr. Comtois,	Mr. Lefebvre,	Mr. Stafford,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stefanson,
Mr. Danforth,	Mr. Madill,	Mr. Tucker,
Mr. Éthier,	Mr. Matte,	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Faulkner,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	<i>guay-Huntingdon-</i>
Mr. Gauthier,	Mr. Neveu,	<i>Laprairie</i> ),
Mr. Gendron,	Mr. Noble,	Mr. Yanakis—(45).
Mr. Godin,	Mr. Nowlan,	
Mr. Grills,	Mr. Olson,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

TUESDAY, June 21, 1966.

(23)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.45 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Berger, Clermont, Crossman, Danforth, Ethier, Gauthier, Godin, Herridge, Johnston, Laverdière, Lefebvre, Madill, Matte, Moore (*Wetaskiwin*), Nowlan, Olson, Peters, Pugh, Rapp, Stafford, Tucker, Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (24).

*Also present:* Mr. McLellan, M.P.

*In attendance:* From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. W. R. Bird, Director, Crop Insurance.

The Committee resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

The Committee completed questioning the officials of the Department of Agriculture on Crop Insurance.

At 10.55 o'clock a.m. the questioning of the witnesses continuing, the Chairman adjourned the Committee to 9.30 o'clock a.m., Thursday, June 23, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

(Recorded by Electronic Apparatus)

TUESDAY, June 21, 1966.

● (9:45 a.m.)

The CHAIRMAN: Gentlemen, we have a quorum, so we will call the meeting to order. We have with us this morning Mr. Williams, the Assistant Deputy Minister; Mr. Phillips, the Director General of the Production and Marketing Branch, and Mr. Bird, the Director of Crop Insurance. The item this morning to be discussed is crop insurance. You have all received your summary of this before. I think, possibly, if Mr. Williams or Mr. Bird want to say anything to start off the meeting, it will be quite in order.

Mr. W. B. WILLIAMS (*Assistant Deputy Minister, Department of Agriculture*): No, Mr. Chairman, I do not believe we have anything specifically to add to the statement which is in the document that all members have.

Mr. ÉTHIER: Mr. Chairman, on a point of order, I think we are losing our time on this committee. According to one member's version in the House of Commons last night, he said everything was done for eastern farmers between the years 1957 and 1962.

Mr. CLERMONT: I do not need to read his speech; I listened to it last night.

The CHAIRMAN: Well, I think this is beyond the powers of this committee.

Mr. CLERMONT: Yes, but we lost time listening to him last night too.

The CHAIRMAN: Order, please. This is not the place to bring this up because we have nothing to do with what members say or do in the House. They have their right to do this, that is their prerogative; we also have the right to talk in the House.

Mr. PUGH: With respect to crop insurance, naturally I am interested in the province of British Columbia; no crop insurance program has been completed as yet. I was wondering how far the negotiations had proceeded with the agricultural people in British Columbia, whether, as far as the fruit crops are concerned, there is thought to be an insurmountable barrier; and if they find they are arriving at something, how full will the coverage be? Can we have a brief rundown on that?

Mr. WILLIAMS: This is a very difficult question to answer, Mr. Pugh, because there are many policy decisions which will have to be made by the province itself in respect of, for example, how full the coverage they may wish to offer might be.

I think the best statement I could make is that we have been working with the province on a continuous basis with respect to this, and as far as we can see, there is sufficient data available, and sufficient work has been done to indicate

that there should be no particular impediments to providing suitable coverage in the province of British Columbia.

Mr. PUGH: So that, just to button it up, you feel that the proposed federal fee is broad enough to cover almost anything that the policy in the province of British Columbia might set.

Mr. WILLIAMS: I know of no points of conflict at the present time, Mr. Pugh.

Mr. PUGH: Thank you.

The CHAIRMAN: Are there any further questions on crop insurance? This was discussed during one morning.

Mr. DANFORTH: Mr. Chairman, I would like to ask a question on rather a broad principle. I understood from the minister that the basis for the introduction of a new act with regard to crop insurance was the fact that there was a meeting between the ministers of agriculture of the various provinces and their staff, together with the federal minister, I understand, here in Ottawa, when this matter was discussed in some detail. Are there plans for continuing meetings of this type in order to further implement this federal scheme, or is there a definite committee set up of the various departments in order to correlate this on a dominion basis?

Mr. WILLIAMS: There are no firm plans which call for continuing meetings on any type of a regular basis. I would say, however, that this meeting to which you made reference was between the staffs of the provinces and the staffs of the federal government because more than one department of the federal government was involved. It was the second meeting of that nature which has been held and presumably, as the need arises, further meetings will be held.

I may say that in so far as continuous liaison is concerned, this is Mr. Bird's particular function and he travels regularly across the country and meets with the crop insurance agencies in the various provinces as time permits, and as need requires.

Mr. DANFORTH: Based on the fact that these meetings have been confined in the past to four provinces, would it be a fair question to ask if the other provinces, and I am thinking of Quebec and Ontario in particular, are showing a live interest, and give any indication that plans are under way to introduce provincial legislation along these lines?

Mr. WILLIAMS: All provinces, with the exception of Newfoundland, have either introduced legislation or have indicated that they are preparing legislation for introduction. Newfoundland has expressed interest in the matter, but I do not believe they have made any specific policy statement or any particular definite move in terms of actually introducing legislation.

Mr. DANFORTH: Thank you, Mr. Chairman.

Mr. PUGH: I want to sort of establish a Manitoba scheme which has been in now for a few years, and has proved successful. There will be nothing to stop them from taking advantage of the better deal which the federal government is offering now?



Mr. WILLIAMS: I am not sure that I understand your question, Mr. Pugh. It seems to me we are moving into an area where we have an act which has not been introduced as yet in the House; it is in the process of being introduced, and I do not think I should be the one to make statements as to what it might or might not contain.

Mr. PUGH: I was not on a fishing expedition, actually, sir. It is only that it is obvious that this is going to be an improvement from the federal participation and probably from crops as well. The Manitoba Act has been working, and I believe successfully. I would take it then—if I could put it another way—that every province in Canada, regardless of whether they have been going on or not, will be able to take advantage of the new act.

Mr. WILLIAMS: I think I can best answer your question by saying that the original act contains a provision which says an agreement, once entered into between the federal government and the province, must remain in effect for five years unless mutually cancelled. Therefore, any action which might or might not be taken subsequent to the signing of an agreement by the federal government, or by a provincial government for that matter, in amending their legislation could not amend the agreement. Now, having said that, there is nothing in the legislation to inhibit the two contracting parties from mutually agreeing that their current agreement should be terminated, and writing a new agreement under any particular legislation which might be developed later.

Mr. PUGH: Yes, and in the realm of political practicality, this is probably what will be done.

Mr. WILLIAMS: The actual act states, and I am reading an extract from it, obviously:

Every agreement shall continue in force so long as the provincial law remains in operation and the province continues to give full effect to the agreement or until the expiration of five years from the day on which notice of intention to terminate the agreement is given by the Minister with the approval of the Governor in Council to the province with which the agreement was made, but notice of intention to terminate an agreement shall not be given until after the expiration of five years from the day the agreement came into force.

So in essence they have a ten year period from the day the agreement came into force, but that is factual, of course. The next part says:

An agreement may with the approval of the Governor in Council be terminated at any time by mutual consent of the parties thereto.

However, there is another clause in here which provides:

No regulation by reference to which an agreement with a province has been made shall be altered except with the consent of the province or in accordance with the regulations to which it has agreed.

Mr. PETERS: Could I ask a personal question? We are having difficulty in Ontario and in the province of Quebec in relation to crops and the liability which may fall on a third party outside of an agreement. Has the government taken into consideration any of the implications in this particular field, and if

so, what recommendations are they making now that they are going into extension crop insurance programs with some of the provinces involved? I am thinking of the rainmaking equipment being used in the province of Quebec and in Ontario by hydro, by the lands and forests, and in some cases by private contractors, which may or may not have an appreciable amount of influence on the weather conditions, but certainly the farmers are of the opinion that this type of equipment is producing some very disadvantageous results.

I have a bill on the order paper which, if you have read, may indicate the point I am getting at, where there is a third party liability, obviously in this, if it works, which could bankrupt the government if one agency decides to work against another agency.

The CHAIRMAN: What you mean, Mr. Peters, is it could sabotage the very principle of this act.

Mr. PETERS: That is right.

Mr. WILLIAMS: I think I should say in respect of this that this has not been specifically covered by any legislation that I know of associated with the Crop Insurance Act.

Mr. PETERS: Would it not be wise to write into the Crop Insurance Act some section which would license this equipment so that there could be compensation if it works?

Well, members of the committee laugh, but it is interesting to note that the Department of Agriculture decided to pay \$250,000 last year to get rain in Renfrew, and whether or not it did, I am not prepared to say, except that last fall you could not harvest the crops up there because they had so much rain. Now, whether they work or not is still debatable, but it has become an interesting kind of phenomenon. In my part of the country, for the last four or five years, there has not been a major bush fire; it is so wet you cannot walk through the bush most of the time. So it is much worse to some extent. Now what I suggest is that if we are going to pay compensation for the damages done, then the person who is doing the damage should pay compensation to the crop insurance program.

Mr. WILLIAMS: In so far as the protection that the crop insurance agency or the fund might have against this, under the current act the agreement with the province has to specify the nature of the losses insured against, and the manner of ascertaining and determining such losses. One would have to presume, I suppose, that if it were considered that in a particular area this could create a problem, this would have to be covered in the agreement in the manner in which the nature of the losses were specified and the method of determining them.

Mr. PETERS: I presume that rain, in a legal sense, would have to be covered by insurance against weather loss, and whether that is man-made, or by nature, I suppose, would not be really determinable.

Mr. WILLIAMS: I am afraid I could not give an opinion on that, Mr. Peters, as to whether it could or could not be determined.

Mr. PETERS: Well, let us say that the provinces of Quebec and Ontario decide to cover hay, for instance, and the situation develops such as it did in St. John for a period of three or four years, and in northern Ontario for the last three years; then whatever coverage you provide would be almost a total loss.

Would not this have a major bearing on the operation of crop insurance?

● (10:01 a.m.)

Mr. WILLIAMS: As I said a moment ago, it would be a factor which would have to be considered in the agreement with the province. If indications were that the rainfall was or was going to be of such a nature, and that there had been a major change in the rainfall pattern, this would have to be taken into consideration in setting the rates. If it were felt, for example, because of circumstances such as you have described, that it was impossible to determine whether rain would be excessive, or would not be excessive, I would presume that someone would have to reach a decision as to whether excessive rainfall would be a coverable item, or would be an insurable indemnity, an insurable cause, at least, of loss.

Part of the act says, in essence, that the premiums must be actuarially sound; they must be such as to ensure that the scheme will be self-sustaining. It would be impossible to issue policies covering the particular writ for which it was impossible to determine premiums.

Mr. HERRIDGE: I have a supplementary question, Mr. Chairman. Would it not be possible for the Department to go into this aspect which Mr. Peters has mentioned and see whether they could not investigate the circumstances to see if there are any sound grounds for including this type of provision in any future agreement?

Mr. WILLIAMS: Yes, it certainly would be possible, Mr. Herridge.

Mr. PETERS: Perhaps I could ask an additional question. In the province of Ontario last year it must have been felt that if the Renfrew area were left in drought conditions the cost would be so high. If rain could be induced, that would reduce the total loss by an appreciable amount. The provincial government gambled that \$250,000 on rainmaking equipment would warrant their spending that amount to save a considerably larger sum of money.

Therefore, it must be calculable in deciding whether or not this is a factor, and therefore the reverse would be true; if you were to negotiate a contract these would be some of the ponderables which you would have to consider, I would think. Therefore, I believe there should be some interest on the part of the Department to assess this. In the case of the Lake St. John area, I understand there was damage there to the extent of about \$14 to \$18 million, and the provincial and federal government grants now amount to something over \$10 million or \$12 million for that area over a period of four years. Part of this is attributed, or at least alleged to be the responsibility of the federal Department of Transport because of the rainmaking equipment they installed on test programs.

There must be a method of calculating how much the risk is, and if that is true then is it not necessary for the department to lighten this type of



equipment, particularly in agricultural areas where it is going to be a major factor in any type of crop insurance program?

Mr. WILLIAMS: The question was asked, as I understood it, as to whether the department felt it was possible to predict the effect of rain inducing equipment. First of all let me say that I certainly have no knowledge whatsoever as to the ability of these various devices to produce rain or inhibit hail or whatever weather modifying properties they might claim to have.

It is my recollection, however, that the Department of Transport, meteorological branch, did some investigational work on this matter and that their report was—and once again I am speaking solely from memory—that they were unable to determine any particular pattern in weather changes associated with the use or non-use of this particular equipment. But I would think that the Department, insofar as the administration of the crop insurance act is concerned, would have to rely on experts from outside its boundaries rather than within its boundaries. In other words, we would rely on opinion from those who are trained in this area because we do not have staff which would meet the necessary qualifications to give us a sound opinion on these matters, and the Department would, in administering this act, have to rely on experts from outside the Department, I would think.

Mr. PETERS: Mr. Chairman, you will find that is confusing too. I have checked with Queens University and Toronto University, and I just forget which bats are on which side, but the scientists in both areas are at opposite ends of the problem. One group says it does have a definite and proven calculable amount of influence, and the other one says of course it does not. But I think it still does not relieve those who are going to administer the crop insurance program from looking into this.

Can I ask you an allied question? What have we done about these things? What effect has the use of smoke generators and spray equipment, mist equipment, and in some cases noise equipment, in those areas where there is the likelihood of frost? I am thinking of the systems they use in California where there is a large expenditure made to prevent loss. Is this a calculable prevention of loss as well?

Mr. WILLIAMS: Once again I would only have to express an opinion on this matter. The basic method which would be used, I believe, although we do not have such coverage anywhere at the present time, would depend upon what a provincial agency presented to us for approval or otherwise.

I believe the method which probably would be followed would be that at present under all programs of crop insurance the incumbent is required—that is to say the holder of the policy—to follow good practice. If, for example, in an area there is a bad plague of grasshoppers, and one man is severely damaged and everybody else around him is not seriously damaged; the people around him have used spray and he has not used spray, or he has not used the same kind of spray or something of this nature, it would be incumbent upon him to demonstrate that he had followed good practice.

I would presume that the same thing would hold true in respect of frost, that if most of the people in the area were able to protect themselves by any of these devices from frost damage, the people who did not use the method of

protection which was followed probably would have difficulty in making valid claims against the crop insurance agency because of the clause included that they must follow. I am not sure of the exact wording—approved practice, normal good practice, or good practice.

● (10.10 a.m.)

(Translation)

The CHAIRMAN: Mr. Gauthier, a supplementary question?

Mr. GAUTHIER: Still in regard to insurance for a known cause such as rain-making machines, I wonder whether the crop insurance agency, would not enjoy the same rights as a private insurance company, that is the right to make a claim against the companies owning the rain-making machines, as private insurance companies do in covering property, for instance I am paid by the insurance company, and it is the insurance company that lays a charge against the party responsible for causing the damage. I wonder whether the crop insurance agency could not follow the same course and lay charges against the firm or companies responsible. And this would not affect the farmer who has taken out crop insurance at all, because it is not the farmer who has been responsible, but a third party who has been responsible. Has the crop insurance agency the right to recover its losses from the party responsible, such as the company owning rain-making machines. It has been found that so long as the lumber companies have teams working in summer camps—we shall have rain. When you have 3,000 men in the forest obviously we must have rain-making machines to keep the brush wet and this will obviously create disaster amongst the farmers. The Government will have to stop the companies felling wood in the summer time and then we will get rid of the rain-making machines. Mr. Williams said that the evidence does not clearly show that the rain-making machines do cause damage but I think that after all that has happened and all the research there has been, that there is no doubt whatsoever that these rain-making machines do cause excessive rain. Where we have cloud-seeding by plane—we are so accustomed to hearing planes that we find after 2½ hours we have rain after seeding by plane. I think this is evidence that the company that provokes artificial rain is certainly responsible for endangering the crops. I wonder whether we could not lay a claim against the responsible companies?

(English)

Mr. WILLIAMS: First of all, I would not want it to be said that I said it was very doubtful that this rainmaking equipment worked. All I said was that the report which I read said it was very doubtful that this rainmaking equipment worked.

In response to Mr. Gauthier's direct question, I believe that he has suggested probably is quite true and quite feasible, although it is a legal opinion which I am not in a position to give. I do not believe it would be the federal government which would have the responsibility for making these particular claims. It would be the provincial people under their provincial legislation who actually issue the claim of insurance, and who have first responsibility for making the indemnity payments. Under the federal legislation there is quite a major deductible which must be paid by the province before the federal government

becomes involved if losses exceed the reserve funds, shall I say, which have been built up by the province to cover indemnities.

(Translation)

Mr. GAUTHIER: Would this make a difference if the disasters provoked by cloud-seeding whereas terrestrial machines come under the Provincial responsibility. You see the difference as to whether artificial rain is provoked from the air or provoked from lands. Is it the Provincial Government which has to make the claim if it is a case of cloud seeding?

(English)

Mr. WILLIAMS: Once again this is a legal opinion, but it would be my personal opinion that it would not make any difference. It would be a matter for the insurance agency to make a claim against the causative agents irrespective of whose authority they came under.

The CHAIRMAN: There are two other people, Mr. Herridge, before you who intimated they wanted to ask questions. Is yours a supplementary?

Mr. HERRIDGE: I just wanted to ask Mr. Peters a question. Can I do that?

The CHAIRMAN: Well, I think it is highly irregular, but if it is a good question and you think Mr. Peters has the ability to answer it, I think the committee would be interested in hearing it.

Mr. HERRIDGE: I was interested in what Mr. Peters had to say, and I was following his excursion into astrophysics most carefully.

Mr. Peters said something about sound affecting crops. The only knowledge I have a sound affecting crops is that martins will not mate when there is too much noise around. What did you mean by that?

Mr. PETERS: This is used in southern California to scare off predatory birds. Sound is hard on birds and therefore they do not eat the cherries and peaches and that sort of thing.

Mr. HERRIDGE: That has a beneficial effect on crops?

Mr. PETERS: Oh, yes. Incidentally, Mr. Chairman, this rainmaking equipment quite often would have a beneficial effect too. Over-abundance of it, I would imagine, is the difficulty and this might even be true with sound.

The CHAIRMAN: Inability to shut it off when you want to. Mr. Madill is next on the list.

Mr. MADILL: Mr. Chairman, my question was partly asked, but I was going to ask about crop insurance for tobacco growers, and I am thinking particularly of frost at harvest time more so than at planting time.

For instance, last year 50 per cent of the tobacco growers on the 29th of August had 75 per cent of their crop ruined by frost damage. Now, some of them had personal insurance with insurance companies. Hail will also have to be taken in there with frost, but at a different time possibly.

Mr. WILLIAMS: This will depend entirely on provincial policy decisions or on provincial agencies; they might ask us to enter into an agreement with them, and they must specify what they wish to do.



Mr. MADILL: When you say "they must ask us", do you mean the tobacco growers?

Mr. WILLIAMS: No. The provincial crop insurance agencies.

Mr. MADILL: They should make their first application to the province, and then make an agreement between the province and the federal government?

Mr. WILLIAMS: That is correct.

Mr. MADILL: Thank you.

Mr. WILLIAMS: I would presume, however, that this type of risk would almost automatically be provided for.

The CHAIRMAN: If I may interject my own knowledge of it which may be incorrect, the present provisions of the provincial crop insurance act do not take in specialized crops as yet, and they will not for two or three years.

Mr. MADILL: They have been growing tobacco for quite a while now; it is not just being classified as a specialised crop now.

The CHAIRMAN: Well, I mean crops such as tobacco, tomatoes, and other high cost crops will not, if I understand it correctly—perhaps Mr. Williams can correct me—come under the provisions of the suggested crop insurance act in Ontario for some time.

Mr. WILLIAMS: I do not believe the Act itself inhibits it. I believe it may be their policy decision, but I cannot answer the question. Once again I say this will depend upon policy decisions made internally within the province as they develop.

I think members of the committee will appreciate that it is almost impossible for any province to move from no crop insurance full blown into complete coverage for all crops within the province. It has to be gone into gradually; staff has to be developed, programs have to be developed, and policies have to be developed. I think it is just a question of growth which Mr. Whelan is referring to rather than any factor or any clauses within the act which might say they can or cannot do such things.

The CHAIRMAN: That is what I should have said.

Mr. MADILL: I was going to say that in view of the amount of revenue received from taxation on tobacco, naturally the federal government is not going to overlook that as just being a luxury.

The CHAIRMAN: They should not overlook it as a luxury. Are you finished with your questions?

Mr. MADILL: Yes.

Mr. MOORE: I have a question concerning premiums. In past times, especially in our province and I imagine it is the same in others—when you secure hail insurance from hail insurance companies the premiums vary as to the records of hail, for example, in certain areas.

I was wondering whether, under a joint federal-provincial scheme of crop insurance, when the premiums are set this will be taken into account? Will there be a variation between one area and the other. For example, the

percentage of premium is given on a chart or a map, if you will, at the present time, twelve, fifteen and so on.

Mr. WILLIAMS: Again this will be a matter for the provincial crop insurance agency to determine the provincial government. The present practice in the prairie provinces is that the rates are from district to district. The yield experience generally affects both the coverage and the rates for specific areas. In the province of Prince Edward Island, at the present time the one rate applies across the province as a whole.

Mr. MOORE: Well, my point was this. If a man insures his crop every year for ten years, he usually gets one bad hailstorm in that period. In other words, we feel that it does not pay to pay premiums for ten years because the premiums in that time amount to more than the value of the loss, or the value of one crop, that is the loss which you would sustain in one year. In other words, the premiums are so high that it does not pay to insure over a ten year period. Some of the farmers like to gamble and they insure on a hit-or-miss basis; if they feel that maybe it is going to hail this year they will insure, and then they skip a couple of years, and so on. If they are lucky they are okay, and if they are not, then they are in worse shape than ever.

Now, this is the problem which I am worried about.

Mr. WILLIAMS: Well, certainly this is a decision which the individual farmer has to make at any time. I think all we are doing at the present time, under the crop insurance program, is giving the farmer who wishes to an opportunity to protect himself.

Certainly the rates which are calculated, are calculated on the basis of fairly long-term experience; they are calculated on a break even basis. There are no costs of administration involved. In other words, the calculations show that over a period of ten or fifteen years the farmer will break even, and this applies to the total premium. So that theoretically, over a period of ten to fifteen years the farmer stands to recover what he has paid in himself plus the 20 per cent or whatever percentage the governments do pay in addition to his own contribution.

Mr. MOORE: I can see where there are other factors than hail, because this covers more than hail. It covers many things, and this possibly would even it out. But I just wondered if there was any plan to just blanket, say a whole province, with the same premium.

Mr. WILLIAMS: This again will depend entirely on the proposals made by the province.

Mr. MOORE: In other words, it is possible?

Mr. WILLIAMS: It is possible.

Mr. MOORE: I think it would be an improvement.

Mr. HERRIDGE: Has the Department gathered any experience from the experience of the hail insurance carried for some years by the British Columbia Fruit Growers' Association?

Mr. WILLIAMS: Mr. Herridge, in our discussions with the British Columbia people we have considered their hail experience; we have been keeping in pretty close contact with the hail people.

I think the hail insurance program in British Columbia is a cooperative one, is it not, run by the growers?

Mr. HERRIDGE: It is run by the growers, yes, and very successfully.

The CHAIRMAN: Thank you. Are there any other questions?

Mr. DANFORTH: Mr. Chairman, following the line of discourse this morning, and the emphasis by the witnesses on the share and the part that the provinces play in determining the type of insurance, coverages, the premiums, the crops covered; is it then conceivable under the crop insurance plan of the federal government that there could be ten different plans with different premiums and different crops covered?

Mr. WILLIAMS: Very definitely, there could be. One thing I should clarify here is that while it is the responsibility of the province to initiate these programs, all premium rates must be cleared by the federal government. The province cannot set a premium rate of its own. Under the agreement the department of insurance, acting on our behalf, approves all premium rates that a province may put into effect. Under the act the federal government is required to assure itself that the premiums are such as will make the program self-sustaining.

So while they develop the scheme and they develop the programs, they submit to us, let us say, all their arithmetic used in arriving at these premium rates. All of this has to be approved by the Department of Insurance, and it normally results in quite a bit of negotiation in order to have everybody assure themselves that the coverage provided and the insurance premiums calculated are commensurate with the responsibilities of the department under the act.

Mr. DANFORTH: Then do I presume that the category of crops which the province desires to have covered would also have to be submitted to the federal government for approval?

Mr. WILLIAMS: That is correct. In addition to that the act specifies that the federal government must, by regulations, proclaim what crops are insurable, and there is a list covered in the regulations at the present time. If the federal government is able to assure itself that additional crops should be added to this at any time, they can, of course, be added, or it can be deleted from.

Mr. DANFORTH: In this way then there could be something of a uniformity from coast to coast on the type of premium.

For example, a common crop could be common to a number of provinces, and under this could have a common premium?

Mr. WILLIAMS: I would think it quite unlikely that it would have a common premium. There doubtlessly will be common premiums, but the premium rate is associated with the yield and loss experience. In general, the programs as they become more sophisticated within the province tend to set premium rates based on other than geographical considerations. For example, within the province of Manitoba, their coverage and their premium rates for the



various cereal grains are associated with the soil type rather than the geographic location.

Now, I appreciate that very often the soil type may be associated with geographical location, but it has been found that the uniformity of variability within the crops is more closely associated with the soil type than it is with the geographic location. Therefore, they are using these soil types, but these soil types, of course, may be within a geographical location.

Let us take a hypothetical example of rain. It is entirely possible that within very short distances the rain factor, or the reliability of crops might be changed greatly. Doubtlessly all of you can think of configurations which bring on a little more rain in a certain area or a little less rain in a certain area. That being the case, it is entirely possible that there would be different premium rates for those particular areas.

It is all a case of experience, and based on the development of records as available.

Mr. MADILL: You mentioned different crops. Is tobacco included in the ones on the list that they would cover?

● (10:30 a.m.)

Mr. WILLIAMS: It is listed as being an insurable crop at the present moment.

Mr. DANFORTH: Well, Mr. Chairman, there is one other principle I would like to, if I may, go into in establishing crop insurance. At this conference or at any time during the deliberations with respect to bringing out a federal crop insurance plan to benefit farmers, was any consideration given to the principle of spreading the risk in order to bring the premiums to individual farmers down to a minimum on an interprovincial basis? There are some provinces which are more subject to hail than others. In return, the provinces which are not subject to hail may be subject to periods of drought or periods of excessive rainfall. Now, this does not happen all over all the time and every year.

Was there any consideration given to a blanket coverage over a number of provinces in order that the premiums might be reduced because a larger area was involved than strictly within the confines of a province itself?

Mr. WILLIAMS: This matter was very definitely discussed, and the decision was made that the best way this could be accomplished would be by the federal government providing for reinsurance.

Now, under a reinsurance program this means that losses in one province, at one year, may be compensated for by lack of losses, shall I say, in other provinces at the same time because of the very widespread nature of our weather, as you have described it.

By the federal government agreeing to undertake reinsurance, this means that provinces do not have to load their premium rates for risks associated with the fact that if they had a very heavy loss in one year it would put a burden on their fiscal position and subsequent interest and so forth on funds which they might have to borrow.

We believe the provision of the reinsurance—and it was the opinion of that conference—had much to do with what you are suggesting, namely even out the

risks across Canada so that premiums within a particular area did not have to be loaded for the great risk factor.

Mr. DANFORTH: I appreciate this and I can see how this would work definitely to the advantage of the scheme, and particularly to the advantage of a provincial government. May I ask, is it conceivable that after the scheme becomes universally adopted and is in operation, that this risk factor then could be determined in such a way as to directly affect the reduction of premiums to farmers? In other words, this could be established on the same basic principle which most insurance companies work under by enlarging the area where the risk is involved in order to reduce the individual premium. Is there any thought or conviction that once this is established, such a step would be inevitable or would naturally follow?

Mr. WILLIAMS: It is the thinking of those concerned within the department of insurance and within the Department of Agriculture that as the coverage grows, that is to say, as more crops are covered across Canada, reinsurance premiums will be reduced, and this should be immediately reflected in farmers' premium rates.

Mr. OLSON: This may be only an academic question now, but I never really could understand why the Department of Agriculture did not make far wider use of the personnel and the experience they have with the P.F.A.A. organization in crop insurance.

It seems to me that both this federal government and past governments have been very anxious to have crop insurance as widely applicable as possible across the country, and still they have proceeded with this on a basis of having the provincial governments, who had no previous experience, setting up a program and administering these programs. Yet we have a federal agency which has 26 or 27 years experience in dealing with compensations for crop losses, and they naturally have the personnel, the staff, the records and so on.

I know it does not go as far as crop insurance in its present concept, that is P.F.R.A. has never gone that far. However, was there any special reason why all of this staff and experience which has been built up within P.F.A.A. was not used, particularly when, for example, we find ourselves now in a position where the three prairie provinces are the ones that have gone the farthest in developing a crop insurance program, and this is exactly the same area where P.F.A.A. has been operative over these past 27 years?

Mr. WILLIAMS: While it is true that the operating staff of P.F.A.A. has not been involved, particularly in the crop insurance program the experience that P.F.A.A. has gained in crop loss and crop loss assessment has been used widely by the crop insurance agencies. In addition to that, our present director of crop insurance was a previous director of P.F.A.A. and has had very wide experience and very wide knowledge of the entire P.F.A.A. operations, and has been able to use that, I can assure you, to very good advantage in dealing and negotiating with the provinces, and in assisting them in these various matters of crop loss assessment.

Mr. OLSON: Yes, but there is also a fairly large permanent staff and also a part time staff which have had a great deal of experience over the years in the same general area. Is there any resistance to making use of this personnel?

Mr. BIRD: As a matter of fact, Mr. Olson, we are doing just that to an increasing extent; probably not to the extent you visualize, but we are making some use of the P.F.A.A. staff now. This is something we have in mind, and probably as the operations contract with the expansion of crop insurance, the P.F.A.A. will come more and more into the picture.

Mr. OLSON: I was not a member of parliament at the time of the introduction of federal participation in crop insurance in a different area than the administration of P.F.A.A. Was there any attempt made to expand the activities and the programs under P.F.A.A. so that in the result we would have moved into a comprehensive crop insurance plan far more quickly because of the experience that they have?

I am not sure which year it was that this was initiated, but I suppose it was about 1960 when it got under way in the first stages.

Mr. WILLIAMS: I was trying to find here, Mr. Olson, the statement which was made by the then minister when the legislation was introduced. I am afraid I took it out; I thought I had it here. However, at that time my recollection is that the minister of agriculture, when he introduced the legislation originally, stated there was a question of jurisdiction involved here, and that the policy decision was that there would be provincial agencies rather than an overall plan with the overall program being assisted by this legislation.

I could find that statement for you. It outlines the policy reasons why it was handled in this manner by the minister, Mr. Harkness, when he introduced this legislation. I thought I had it with me but, unfortunately, I think I must have taken it out of my brief case.

Mr. OLSON: I am not going to pursue this farther, Mr. Chairman. However, I was curious as to some of the specific reasons, if there are any, of why all of this experience and personnel and development of policies over so many years was not used more extensively for getting crop insurance as widespread across the country as possible.

Mr. WILLIAMS: I will be pleased to send you a copy of an extract from *Hansard* of that time.

The CHAIRMAN: Have you finished your questioning, Mr. Olson? Are there any further questions on crop insurance?

Mr. PETERS: I too have been surprised that they have not paid more attention to what the experience of P.F.A.A. has been. I would like to ask, was there any discussion, when the provinces were discussing this matter with the federal representatives, of income insurance for provinces, particularly the eastern provinces, Ontario and Quebec, but also taking in the maritime provinces? Was there any discussion of insuring income rather than insuring crops?

Mr. WILLIAMS: There was limited discussion of this matter, and I think the consensus was that since income is composed of two components, namely yield and price, it was a better approach or a more workable approach to deal with these two factors separately rather than to try to bring the two together in one item, but it was discussed.

Mr. PETERS: Is it not true that the objection in Ontario, except in very limited commodities, was, as Mr. Moore has said, the inability of insuring



sufficient crops to produce a reasonable income in any case? The fact is that grain is a fairly easily accessible crop, but the matter of mixed farming involves so many commodities that it was impossible to insure enough of them at a reasonable price to make it worth while to carry that type of insurance. From the discussions which I have had with farmers, it would seem that they have not been the least bit interested in crop insurance, and I do not think they will be now under the proposed legislation.

The method used in P.F.A.A., as I understand it, was that as you sold your commodity a deduction was taken for the coverage—

The CHAIRMAN: I do not want to curtail your discussion, but I think we should limit it at this stage to strictly crop insurance because we will have an opportunity to compare P.F.A.A. this Thursday, practically all day.

Mr. PETERS: Well, I was just drawing the inference which Mr. Olson was drawing, namely that crop insurance has not been successful in the past, certainly in Ontario, and under the new act it does not appear to be any more of a success than it was under the old one. Obviously, some of the provinces like Ontario must have discussed the desire of having an income guarantee rather than insurance on a commodity basis.

Mr. WILLIAMS: As I pointed out, this was discussed. The position that the eastern provinces took in general with respect to the major difficulty in implementing a crop insurance program was the level of coverage provided by the present act.

(Translation)

Mr. CLERMONT: A supplementary question. Mr. Williams you mentioned that in Saskatchewan people anxious to get insurance for 1966 totalled 13,000 instead of 8,000. These figures would seem to indicate that the farmers are increasingly interested in carrying crop insurance.

(English)

Mr. WILLIAMS: Yes, that is correct. I would not want to quote the figures offhand, but I believe it was the province of Manitoba, not Saskatchewan, that we said it was going up to an estimated 13,000 from 8,000 approximately.

Mr. CLERMONT: Even in Saskatchewan, according to the figures which were given to us, the numbers would increase.

Mr. WILLIAMS: That is right.

Mr. CLERMONT: In every province the numbers would increase?

Mr. WILLIAMS: In every province with the possible exception of Prince Edward Island where it has remained relatively small and changes have not been significant in numbers. The other three provinces have shown quite a significant growth in coverage each year.

Mr. DANFORTH: Mr. Chairman, there is one principle on this crop insurance which has been touched on and with which I am really concerned. We are speaking about crop losses and we deal with percentage of crop losses. There was the indication by the minister that the federal government was very interested in the increase from 60 per cent to 80 per cent dealing with the percentages of crop losses.

What is the thinking of the government and the insurance department in regard to the inability to plant a crop due to weather conditions? For example, on western summer fallow sometimes it is too wet to plant a crop; or in the east here we can run into a late spring where the crops are planted so late that it has a drastic result in loss of crop production and immature lack of the growing season preventing the correct maturing of a crop; or cutting down the tonnage of crops such as canning tomatoes? What is the thinking with respect to the weather conditions in the spring preventing the planting of a crop?

Mr. WILLIAMS: I do not think I should discuss that at this present moment, Mr. Danforth, in view of the fact that the minister mentioned, in introducing the bill or the amendment in the House last night, that this was one of the factors which was covered in the bill. It would seem to me that until such time as the bill has had at least first reading, that it would not be appropriate for us to discuss it here; probably the House of Commons would be a better place for it to be discussed at this stage.

In so far as the other part is concerned, I can certainly answer that, as to what happens at the present time. If a man gets a crop in the ground and it is wiped out before it really starts to grow, let us say—perhaps it is frost, or wet weather, or perhaps it is wind which blows it out of the ground; it could be almost anything—under the programs in effect at the present time he can elect to take a settlement then and plant an alternative crop. Very often it is possible to save something by planting an alternative crop, and he can elect to do that if he so wishes. On the other hand, if it is doubtful whether the crop will survive, or will produce a crop, he can continue to let it grow; he can harvest it in the normal manner, and if it is not up to the insurable level, he will collect his insurance on it.

Mr. DANFORTH: But under the present system, if we can get back to the original question, if he is prevented from planting a crop there is no insurance on it?

Mr. WILLIAMS: There is no insurance offered at the present time by any of the people involved, nor is it possible under the act to offer insurance on anything but a crop. If a crop has not been planted, the legal people have ruled that insurance cannot be offered on it because it does not represent a crop.

Mr. DANFORTH: But you have indicated that this will be—

Mr. WILLIAMS: This is one of the matters, as the minister pointed out last night, which will be discussed.

Mr. DANFORTH: Thank you, Mr. Chairman.

The CHAIRMAN: Are there any further questions on crop insurance?

Mr. MOORE (*Wetaskiwin*): On the same point, Mr. Chairman, this has been the problem in west central Alberta over the last two or three years, the fact that one crop could not be taken off because of moisture, and therefore the following spring a crop could not be planted. So I would say that is a very important point which should be covered in the new act; it should be taken into consideration.

(Translation)

Mr. MATTE: What is the reason for which the other provinces did not sign up the crop insurance?

(English)

Mr. WILLIAMS: The reasons which have been presented to the government as to why other provinces have not entered into crop insurance have, essentially, all been connected with the level of coverage, provided there is a maximum level of coverage that can be provided under the present act. The provinces have contended that the crop variations or the variations of yield within their provinces have been such that a 60 per cent coverage is not attractive to them or to their farmers, namely their yields do not normally go down to that level.

The other aspect of this which they have maintained is that 60 per cent will not return to them even the cost of production. This was another reason why they felt they were not attractive. Other reasons have been advanced. For example, it has been stated that one reason they have not entered is that forage crops are not covered. Forage crops are neither covered nor not covered by the act. Any crop could be added to the act by regulation. We have never had a request to add forage crops, for example.

The CHAIRMAN: Are there any further questions on crop insurance? If not, we will consider the questioning on crop insurance finished. We have questions to finish on the stabilization board, the agricultural products board, and then we have P.F.A.A. We do not intend to try to discuss these three subjects this morning because we only have about six minutes left. We have to vacate this room at 11 o'clock this morning for another committee. However, I thought if anyone had any further questions on the agricultural stabilization board we could start them on Thursday morning. We could proceed and finish agricultural stabilization, and if necessary the agricultural products board, and we could meet Thursday afternoon and evening on P.F.A.A. We do not have a meeting Friday morning because we do not sit on Friday.

Mr. DANFORTH: May I suggest, Mr. Chairman, that we terminate this meeting now. The reason I say this is because we only have a very few minutes, and when we open up a line of questioning and then break it and postpone the meeting for two or three meetings, it is very hard to maintain the continuity. I have a series of questions I would like to ask on the stabilization act which I feel is very important to Ontario. I feel that under the circumstances to have this break does not lend to the ability of the committee to follow along with the supplementaries which they may wish to desire.

The CHAIRMAN: We will start on Thursday morning with agricultural stabilization. We will meet Thursday afternoon and Thursday evening on P.F.A.A.







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OF  
PROCEEDINGS AND EVIDENCE

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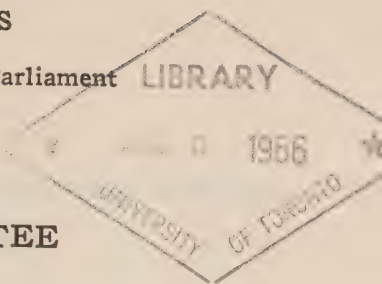
LÉON-J. RAYMOND,  
*The Clerk of the House.*



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966



STANDING COMMITTEE  
ON

**Agriculture, Forestry and Rural  
Development**

*Chairman: Mr. EUGENE WHELAN*

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 20

Respecting

Estimates (1966-67) of the Department of Agriculture

THURSDAY, JUNE 23, 1966

WITNESSES:

*From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister and Chairman of the Agricultural Stabilization Board; Mr. C. R. Phillips, Director General, Production and Marketing Branch.*

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-Wolfe</i> ),	Mr. Grills,	Mr. Nowlan,
Mr. Beer,	Mr. Herridge,	Mr. Olson,
Mr. Berger,	Mr. Honey,	Mr. Peters,
Mr. Choquette,	Mr. Hopkins,	Mr. Pugh,
Mr. Clermont,	Mr. Horner ( <i>Acadia</i> ),	Mr. Rapp,
Mr. Comtois,	Mr. Johnston,	Mr. Ricard,
Mr. Crossman,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Danforth,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Éthier,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stafford,
Mr. Faulkner,	Mr. Madill,	Mr. Stefanson,
Mr. Forbes,	Mr. Matte,	Mr. Tucker,
Mr. Gauthier,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gendron,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-guay-Huntingdon-Laprairie</i> ),
Mr. Godin,	Mr. Neveu,	
	Mr. Noble,	Mr. Yanakis—45.

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## REPORT TO THE HOUSE

The Standing Committee on Agriculture, Forestry and Rural Development  
as the honour to present the following as its

### THIRD REPORT

Your Committee recommends that it be authorized to sit while the House is  
tting.

Respectfully submitted,

EUGENE WHELAN,  
*Chairman.*

(Tabled June 23, 1966.)





## MINUTES OF PROCEEDINGS

THURSDAY, June 23, 1966.

(24)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.48 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Choquette, Clermont, Comtois, Crossman, Danforth, Gauthier, Gendron, Grills, Herridge, Honey, Horner (Acadia), Laverdière, Lefebvre, MacDonald (Prince), Madill, Matte, Moore (Wetaskiwin), Neveu, Noble, Nowlan, Olson, Peters, Rapp, Ricard, Tucker, Whelan (26).

*Also present:* Mr. McCutcheon, M.P.

*In attendance:* From the Department of Agriculture; Mr. S.B. Williams, Assistant Deputy Minister; Mr. C.R. Phillips, Director-General, Production and Marketing; Mr. J.S. Parker, Director-General, Departmental Administration.

On motion of Mr. Noble, seconded by Mr. Crossman,

*Agreed:*—That a correction be made in Minutes of Proceedings and Evidence of Tuesday, May 31, 1966, issue No. 10; page 274, line 30 should read "Mr. R. K. Bennett, Director, Livestock Division", rather than "Mr. Phillips etc."; page 275, line 19 should read Mr. Bennet rather than "Mr. Phillips"; page 275, line 28 should read Mr. Bennett rather than "Mr. Phillips".

It was moved by Mr. MacDonald (Prince), and seconded by Mr. Crossman that the Committee report to the House and request permission to sit while the House was sitting.

After debate the motion was *Carried* on Division; Yeas 11, Nays 6.

The Committee then resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67, item 15, Production and Marketing.

At 11.00 o'clock a.m., the Chairman recessed the committee for a five minute break.

At 11.20 o'clock a.m., the Chairman called the Committee to order and members resumed questioning the witnesses. At the request of Mr. Olson it was agreed that the Departmental Officials would supply the method of calculation used by the Agricultural Stabilization Board when setting the formula for the support price of sugar beets.

At 11.55 o'clock a.m., the questioning of the witnesses continuing the Chairman adjourned the meeting to 3.30 o'clock p.m. this day.

## AFTERNOON MEETING

(25)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 3.56 o'clock p.m., this day. The Chairman, Mr. Whelan, presided.

*Members present:* Asselin (Richmond-Wolfe), Choquette, Clermont, Comtois, Crossman, Danforth, Gendron, Horner (Acadia), Laverdière, Lefebvre, Neveu, Olson, Peters, Stefanson, Watson (Châteauguay-Huntingdon-Laprairie), Whelan (16).

*Also present:* Mr. Fane, M.P. and Mr. Southam, M.P.

*In attendance: From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister; Mr. H. S. Riddell, Director, Prairie Farm Assistance Administration; Mr. W. R. Bird, Director, Crop Insurance; Mr. J. S. Parker, Director-General, Departmental Administration.

The Committee resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67.

The Committee completed examination of the officials from the Prairie Farm Assistance Administration. The Chairman and members of the Committee thanked the officials.

On motion of Mr. Clermont, seconded by Mr. Peters,

*Agreed:—* That the meeting called for this evening at 8.00 o'clock p.m. in Room 308 W.B. be cancelled and that the members of the Committee be notified of this fact.

At 5.33 o'clock p.m. the Chairman adjourned the Committee to 9.30 o'clock a.m., Tuesday, June 28, 1966.

Michael B. Kirby,  
Clerk of the Committee.



## EVIDENCE

*(Recorded by Electronic Apparatus)*

THURSDAY, June 23, 1966.

● (9.45 a.m.)

The CHAIRMAN: We will call the meeting to order.

There are one or two things which I would like to have done before we start the questioning of the witnesses. First of all, there is a correction to be made in the minutes of the proceedings and evidence of Tuesday, May 31, 1966, Issue No. 10, page 274, line 29, which should read as follows: "Mr. R. K. Bennett, Director of Livestock Division, Department of Agriculture" rather than "Mr. C. R. Phillips, Director General, Production and Marketing Branch, Department of Agriculture."

Then on page 275, line 19 should read "Mr. Bennett" rather than "Mr. Phillips."

On page 275, line 28, should read "Mr. Bennett" rather than "Mr. Phillips".

Would someone care to make that motion?

Mr. NOBLE: I so move.

Mr. CROSSMAN: I second the motion.

Motion agreed to.

The CHAIRMAN: Now, there is another thing I want the committee to decide—I probably should have called a meeting of the steering committee to discuss this, but I did not—is the request for permission to sit while the House is sitting. Now, we may not have to use this because we do not have too much more work to do on the estimates, but the quicker we get them back in the House the quicker they will be discussed by the House. We do not know when we are going to adjourn, but we may have one or two meetings next week while the House is sitting, other than next Tuesday when we will have the people here from PFRA.

Mr. PETERS: Mr. Chairman, if we bring these estimates back to the House before the recess—the recess may not be before some time in the fall—we might as well go ahead and discuss them.

The CHAIRMAN: In the House you mean?

Mr. PETERS: Certainly. I do not agree with this idea which is being touted around that we have to have all the estimates back before July 1.

The CHAIRMAN: Well, I am only going on what some of the other members of the committee suggest, and what most of the other committees of the House are doing, that is most of them have this permission.

Mr. PETERS: I do not object to this permission. I am just saying that we better not get into the foolish position of aiming for the deadline of July 1.

The CHAIRMAN: I am not aiming for July 1, as far as that goes.

Mr. PETERS: Well, this is June 23. I like to be a little realistic.

The CHAIRMAN: Our progress has been fairly good on the estimates, and I would think that if the committee feels that—

Mr. HORNER (*Acadia*): I do not think we can finish next week.

Mr. PETERS: No, of course, we cannot.

Mr. HORNER (*Acadia*): I was under the impression that the minister was coming back.

Mr. DANFORTH: Mr. Chairman, I would like a clarification on one aspect. You are requesting the committee to consider the proposition of sitting while the House is sitting. Now, for the first time the House is faced with three pieces of legislation which are of prime interest to anyone representing a rural riding. What is the position of the committee if we have permission to sit while the House is sitting, and we are going to be dealing in the House with agricultural legislation

The CHAIRMAN: I realize this is happening today, and we have already made arrangements to sit this afternoon and this evening. We have with us Mr. Riddell who will be here this afternoon and this evening on P.F.A.A. I am making representations to try to stymie this legislation from being brought before the House today. They do not know how far they are going to get in the House today anyhow with labour and other estimates. I hope all of the representatives here will make representations to their House leaders to the effect that this legislation should not become before the House while the Agricultural Committee is meeting.

Mr. DANFORTH: Mr. Chairman, I doubt very much whether we will be able to obtain a quorum this afternoon or tonight if there is any aspect of this legislation coming up in the House. I certainly approve of the position you are taking in requesting that this should not come up. However, my question was: What is our position in this regard?

The CHAIRMAN: Well, I do not think, Mr. Danforth, that I, as Chairman, will even recommend a meeting if I know that agricultural legislation is coming up in the House; I would not recommend a meeting of the Agricultural Committee at the same time. These things are being done without consultation with the Chairman of the Agricultural Committee, and I was only aware of this last night at adjournment.

Mr. DANFORTH: Well I am sure our position, as far as our members are concerned, is that we would have no objection to sitting while the House is in session providing we could have assurance that at that time this type of legislation would not be discussed in the House.

The CHAIRMAN: Well. I think the general feeling of all members of the committee is that the committee should not sit while any agricultural legislation is being discussed in the House itself. However, I would like the committee to consider the motion, and put it to vote here, that we should be granted permission to sit while the House is in session, if it is necessary to do so.

Mr. MACDONALD (*Prince*): I so move.

Mr. CROSSMAN: I second the motion.

The CHAIRMAN: It is moved by Mr. MacDonald and seconded by Mr. Crossman that we request permission to sit while the House sits. Is there any further discussion on this?

Mr. NOWLAN: Mr. Chairman, well there is one other thing, Mr. Chairman, and this goes back to the remark of Mr. Peters. Is it necessary to get the estimates through before the summer recess? If that is the case, I must say I am a little negative on the subject.

The CHAIRMAN: Well, Mr. Nowlan, if you have checked the estimates which we have discussed you will note we have covered nearly all the topics that come under our expenditures. The only two items which we have not discussed are health of animals and land rehabilitation, irrigation and water storage projects. We had stabilization and farm products lined up for this morning, but we have discussed these subjects more or less for about four meetings now. Of course, I have no way of knowing, as Chairman, how long the discussion will take on these matters, but I feel, from my experience with the Wheat Board and the Board of Grain Commissioners, that the meeting this afternoon should be ample. However, I am not one to suggest curtailment of this. I think we can probably finish this without sitting while the House is in session.

Mr. MACDONALD (*Prince*): Well, Mr. Chairman, we are not committing ourselves to anything other than having permission to sit while the House is in session. Since we have no idea when the House is going to recess for the summer, all we are really asking for is this ability.

The CHAIRMAN: That is right.

Mr. MACDONALD (*Prince*): It may take two or three sessions, or perhaps it will require 10 sessions; we really do not know what we are going to get into. Therefore, perhaps the discussion is a bit hypothetical.

Mr. PETERS: Mr. Chairman, I think perhaps it is hypothetical, but I have no objection to the committee sitting for a specific purpose. As I said, I think we are being unrealistic in thinking that we are going to pass these before July 1. Mr. McIlraith has the idea that he is going to pass the estimates before the summer recess. Well, this is unrealistic; there are just not enough days. I am not in any mood to agree to get into that situation with all the estimates going back into the House before the recess. If we are going to have a recess, we have one; if we are not going to have it, then to hell with it as far as I am concerned. Therefore, I would not agree to this. I have no objection to asking to sit for a day or two if you have somebody in mind you want to hear; I just object to this crazy business—that we have to pass this, we have to pass that and something else, otherwise we cannot have a holiday. Well, as far as I am concerned, we either have one or we do not.

Mr. MACDONALD (*Prince*): We are not discussing this, are we?

Mr. PETERS: Well, this is really the background; Mr. McIlraith wants to get all the estimates back in the house.

Mr. COMTOIS: Mr. Chairman, I think the health of animals branch is very important, and I think the committee will find it quite interesting. Water is very important in my part of the country.

The CHAIRMAN: It is in mine too.

Mr. COMTOIS: I do not think we can possibly wind up next week.



The CHAIRMAN: I am not suggesting that we wind up next week.

Mr. COMTOIS: If we do not wind up next week, we will not get the estimates passed by July 1.

The CHAIRMAN: Since I am a farmer I am naturally an optimist about everything, but I am not that optimistic that we are going to wind up next week. I would say that as my office is in the west block, and is air conditioned, I do not care if we stay here all summer.

However, as far as I am concerned, there are many other committees which are not as important as agriculture, and they have the right to sit while the House is in session. Our committee is a large committee; we have to have a larger quorum, nearly twice as many as any other group, and I, as your chairman, certainly will not recommend that this committee sit while any problem concerning agriculture is before the House.

It is embarrassing to me today to have this matter up because we made arrangements for Mr. Riddell to be here from PFRA all day today, and he actually stayed over in Ottawa to be here for the committee. We have the right to sit while we have people who have travelled quite a distance to be here. I believe if we spend three or four days of concentrated effort on these estimates we can pass them. The House does not have to pass them until they come back next September as far as that goes.

Mr. HONEY: Mr. Chairman, did I understand you to say that we now have permission to sit when there are witnesses from a distance?

The CHAIRMAN: Yes, we do. All other committees have a blanket motion. There will probably be some objection to this in the House; there generally is. You have to give 48 hours notice of motion that you are requesting this permission, and then all they can do is stand up and say "on division."

Mr. HONEY: Then this has already been done?

The CHAIRMAN: I am talking about bringing agricultural officials before the committee concerning their department. For instance, Dr. Wells and the officials right in Ottawa will deal with the health of animals. I can see where we could probably spend two or three days of concentrated effort on health of animals. Then when we are finished we have to sum up and make a report and when we do this we sit in camera.

I am of the opinion that we should not have a blanket arrangement that we adopt the estimates and report them back to the House as approved. I am drafting part of this report myself, and I will be glad to hear from any members of the committee who have any suggestions which would be helpful. The subcommittee will also have work on these before we bring them back to the committee.

Mr. HONEY: Well, Mr. Chairman, can I take a minute to re-assess our position. As I understand it, we could sit this afternoon and evening because we have Mr. Riddell here from a distance?

The CHAIRMAN: Yes.

Mr. HONEY: Mr. Peters has indicated, and it is his undoubted right to do so, that he does not want to give blanket approval to sit at any time while the House is in session.

Mr. DANFORTH: No; he has not said that.

Mr. HONEY: I think that is what he said. If we should pass such a motion this morning, then he will oppose it in the House as he has the right to do.

The CHAIRMAN: He has the right to oppose it in the House. If I ask to have it adopted today, then he has the right, after 48 hours notice of motion, to rise and say on division he objects to it. One man does not have the power to stop this after 48 hours notice is given.

Mr. DANFORTH: Mr. Chairman, we seem to have reached more or less a deadlock.

The CHAIRMAN: No. We have a motion before the committee and I am going to ask for a vote. You can throw it out or pass it, as far as I am concerned.

Mr. DANFORTH: Well, this is unfortunate because I think if we had an opportunity to go through with the meeting today to see how we make out in providing a quorum and one thing and another, we would have an opportunity, when we came back next week, to re-assess our position. In the meantime, if a meeting of the committee is necessary, we will have an opportunity to have one. I feel we might reach a decision this morning which would not be one that the committee would be in favour of perhaps even next week. I am wondering if this should not be held in abeyance until, one, we have more members present, or, two, until we have had an opportunity to discuss this in the steering committee where some of these objections may be ironed out.

The CHAIRMAN: Mr. Gauthier has the floor, Mr. Olson.

*(Translation)*

Mr. GAUTHIER: Mr. Chairman, before we have the vote, I think it would be better to consider...; it is all right maybe to sit this afternoon but tonight it might be very difficult because many of us will have to take a train this afternoon, at 4 p.m., and they won't be able to attend the Committee tonight. We would not like to miss a session. We would not like to miss that part of the Committee proceedings. It is all right to sit this afternoon but tonight, I believe, it is quite impossible.

*(English)*

Mr. OLSON: In speaking to the same point that Mr. Danforth made, there is just one problem and that is, our experience has been that we do not get unanimous consent in the House to introduce this motion without the required 48 hours notice. As you know, tomorrow is a holiday and the end of the week. If we do not pass this motion today and give notice to the House today, then there is no time next week to give 48 hours notice which would be of any use at all next week.

I cannot see why there should be any difficulty because I think the chairman has fairly adequately expressed his viewpoint with respect to when the committee should meet which is pretty well in line with the members of the committee. So, there is no problem except that if we do not put the notice of motion in today, and if any one member—and this has happened invariably—rises in the House without 48 hours notice, then it does not pass. We would not

have an opportunity to meet next week at all while the House is sitting if one member objects.

The CHAIRMAN: I should have explained that that was the main idea because next week is going to be a short week again.

Mr. HORNER (*Acadia*): Mr. Chairman, I would just like to say a word on this. We have a long week end coming up; Mr. Riddell is in town, and if we do not have agricultural legislation in the House this afternoon, I would make a special plea to the committee that we sit this afternoon and hear Mr. Riddell. As I say, he is in town and we would not want to keep him over a long week end. I do not think it is so awfully bad if we do not all just rush into the House this afternoon and come into a committee instead. I see nothing really wrong with this, and I would suggest that we get on with our work right now.

The CHAIRMAN: I am going to put the motion to the committee that we ask permission to sit while the House is in session.

Mr. PETERS: Mr. Chairman, you are being unfair. You have the right to sit this afternoon, there is no question about that.

The CHAIRMAN: I am asking for the motion requesting—

Mr. DANFORTH: You do not need a request for this afternoon.

The CHAIRMAN: This is not for this afternoon, I do not have to have a motion for this afternoon.

Mr. DANFORTH: You do not need a motion to sit this afternoon or on any other special occasion.

The CHAIRMAN: That is right.

Mr. DANFORTH: What you are requesting today is a blanket so that if you call meetings we will sit every afternoon next week or every evening next week?

The CHAIRMAN: I am not saying that at all. Along as progress is made—

Mr. DANFORTH: No, you are not saying that, but this motion would give you that prerogative. Is that correct?

The CHAIRMAN: That is right, the same right as practically every other committee in the House has.

Mr. DANFORTH: I cannot support that.

The CHAIRMAN: All in favour of the motion?

Motion agreed to.

The CHAIRMAN: We will start now with the witnesses who are appearing before us.

I want to remind you first of all that next Tuesday is a long meeting day, and this has nothing to do with the motion just passed. Next Tuesday we have P.F.R.A. before the committee, and there will be three meetings held because the people are coming a long distance to meet with the committee at that time.

The witnesses appearing before the committee today are Mr. S. B. Williams, assistant deputy minister; Mr. C. R. Phillips, director general, production and marketing branch, and Mr. J. S. Parker, director general, departmental administration.

We will start with Mr. Williams on the stabilization.



Some members had intimated to me—I believe you were one, Mr. Danforth—that you had questions for Mr. Williams this morning?

MR. DANFORTH: Yes, Mr. Chairman. Like many members of the committee, Mr. Chairman, I am very much interested in the position that the poultry industry finds itself in now: especially the egg producers. I would like to use this committee and its deliberations, if possible, to find out basically why it is necessary, and what are the conditions, that are forcing so many poultry producers today out of business; and with them going out of business, all the local grading stations are being forced out of business at an alarming rate. Now, whether this falls under the jurisdiction of the agricultural stabilization board, I am not certain, but certainly when the stabilization board pays subsidies for these grade "A" eggs and for the production of a definite number of eggs, it would have some bearing.

My preliminary question, Mr. Chairman, is this: To what extent is the stabilization board itself taking part in the production of eggs? Is it simply in administration of the act which sets out a subsidy, or is it in any other field in regard to the egg production?

MR. S. B. WILLIAMS (*Assistant Deputy Minister, Department of Agriculture*): The involvement of the agricultural stabilization board in the egg industry is, I would think, basically, as Mr. Danforth expressed in the first part of his statement. We administer a support program; this support program is determined by government policy, although eggs are one of the mandatory products, but the level of support is presently above the mandatory level so the details of it are matters of government policy.

Our involvement with the industry is essentially limited to a compilation of the national weighted average price. This price is taken from the various markets across Canada and weighted by deliveries. I might say in amplification that the board has done a bit of a study on the data it has received based on the claims made by producers of the changing structure of the industry.

The points which Mr. Danforth raised are borne out in part at least by this study, namely, that there are decreasing number of commercial producers of eggs, and there are increasing percentages of eggs moving into market through other than grading stations. This does not mean to say that there are less eggs being marketed. There are not less eggs being marketed, but less eggs are being marketed through grading stations. They are being marketed on what might be called a special contract basis direct from producer to retail outlet, with the retail outlet setting up the grading facilities.

MR. DANFORTH: Mr. Chairman, I wonder if it—since it is my understanding that during the past three or four years the producers of eggs wishing a subsidy had to register—would it be possible for the committee to be provided with this information. I am not so much interested in details, but what I am interested in is if this committee could be provided with the information which would allow them to assess actually what is happening in the industry; whether the small farmer is indeed going out of the egg production as we are led to believe by representations made to us from time to time; whether there is a shift in the major production areas of eggs. For example, I suspect that in my particular area the egg production has dropped considerably where, perhaps, in eastern

Ontario or in Quebec there has been a definite increase in the production of eggs. I would like to have before the committee, so that we can look into this in some depth, the actual picture. I know of no other way of getting at this in order to assess exactly what is going on, unless this information can be provided in this manner. Is it feasible and possible that this information can be obtained?

Mr. WILLIAMS: We will be most pleased to provide any information we have. We do not maintain continuous records. The only years we have any records of the structure of the poultry industry are years in which a payment is made. Payments are now made on the basis of claims coming from the producer himself. If the producer does not wish to claim, we obviously have no records.

In addition to that, the data has the following limitations: that within recent years there has been a maximum entitlement of 4,000 dozen grade "A" large, extra large and medium eggs. Many producers—or at least some of the producers—falling in this area do not report to the board their total sales. All they do is report to the board sufficient sales to give them the maximum entitlement because there is no particular purpose in them. So the board's data has these limitations, but we would be most pleased to provide the committee with all the data we do have.

Mr. DANFORTH: Mr. Chairman, may I ask, through their administration of the stabilization price of eggs, if they are familiar with the action taken where the basic methods of indicating the daily price of eggs to farmers was changed in Ontario, I believe, perhaps, three years ago?

Mr. WILLIAMS: I must say that I am not familiar with the minute details of it, but I am familiar with the changes in general, yes.

Mr. DANFORTH: Was it not a fact that the regulations were put in force so that the basis of the daily price of eggs was established at the market not on the eggs as shipped in in cartons, but on the carton price, wholesale-retail of graded eggs?

Mr. WILLIAMS: That is correct. The basic problem here was somewhat as follows. The egg price as quoted was what was known as the "spot" price. The spot price was determined by employees of the poultry division of the department telephoning various egg dealers and asking them what they were getting that day for eggs.

As I mentioned earlier, the pattern of egg marketing has changed in recent years. Many more eggs are marketed under contract. A difficulty started to arise in that this spot price represented a lesser and lesser segment of the total eggs being marketed because it did not cover the contract eggs. As a result, very small surpluses, or very small shortages, tended to distort this spot price. I think you would all appreciate that when you are quoting your price on the surplus portion of the eggs rather than the contracted portion of the eggs, they tend to fluctuate more violently than the over-all egg price does.

The poultry division did quite a detailed study of the prices of eggs at several different levels, trying to determine which was the most stable and most reliable price to quote. They consulted with the various poultry organizations and as a result of all these deliberations it was decided that a better price for

them to quote would be the wholesale to retail price of cartoned eggs rather than the spot price.

Mr. DANFORTH: Was it not true that this change was made from the spot price to the wholesale carton price in Ontario only, and that this did not prevail in any other province in Canada?

Mr. WILLIAMS: At the time that is correct, yes.

Mr. DANFORTH: And is it not true that this remained so until, I understand, just recently when the system is either contemplated or has been put into effect in the province of Quebec?

Mr. WILLIAMS: That is correct.

Mr. DANFORTH: Are there any other provinces that either have this or are contemplating this change?

Mr. WILLIAMS: It is being studied for all marketing centres. I think it would be too strong a word for me to say that at the present moment it is contemplated, but it is being studied as to applicability. The same types of studies are being carried on as were carried on in Ontario.

Mr. DANFORTH: Mr. Chairman, may I ask the witness if there have been representations to his knowledge from the trade over the various aspects of this new regulation which they feel is working to the detriment of the marketing of eggs?

Mr. WILLIAMS: There have been representations from some segments of the trade.

Mr. DANFORTH: And is it not a fact that the drastic change as initiated has worked to the definite advantage of commercial retail outlets? May I rephrase my question, Mr. Chairman, in order that the witness may see the point I am trying to derive at. Is it not a policy now for some commercial outlets—and I am speaking of large grocery chains—to either provide their own cartons for the eggs to be packed in, or that some companies even have their own licenced grading facilities to grade their own eggs for retail?

Mr. WILLIAMS: The latter is certainly true. I cannot speak on the former; I do not know from my own knowledge whether this is the case. I would say, however, that this was a change going on at the time, and was part of the reason why it was considered that the changed method of reporting was necessary.

Mr. DANFORTH: Well, does this not lend itself to certain discriminations where, if it is not possible for a small grading station to obtain the cartons of a retail outlet, there is no possibility of them furnishing a supply of eggs to that particular market?

Mr. WILLIAMS: I do not believe I could answer that question, Mr. Danforth. I can obtain an answer for you, but this is somewhat out of my field, I am afraid, and any answer I would give would be a matter of personal opinion only, not a matter of fact.

Mr. DANFORTH: Well, Mr. Chairman, I have a whole series of question based on this particular aspect. Perhaps it is not fair to the other committee members



who have questions to ask on stabilization, and I would be willing to pass at the present time in order that they might ask questions, if I might be allowed to come back when they have finished.

The CHAIRMAN: Agreed.

Mr. MOORE (*Wetaskiwin*): Just to follow this up and for clarification of the committee, what is the present stabilized price of "A" eggs?

Mr. WILLIAMS: The support program for eggs at the present time is 34 cents a dozen for grade "A" large, with the entitlement being that 4,000 dozen shall be made up of extra large, large, and medium. That is to say, while the national weighted average price is determined on the basis of grade "A" large, a producer in claiming can claim the subsidy on extra large and medium grade "A"s as well as grade "A" large. In addition to that, there is a support level of 31 cents for an additional 6,000 dozen with the same qualifications as I mentioned earlier applying to it.

Mr. MOORE (*Wetaskiwin*): At the present time what is considered the cost of production for a dozen eggs? Is it 28 cents or 29 cents?

Mr. WILLIAMS: I think when one speaks of cost of production figures one can get almost any cost of production, depending on the efficiency, the area, and things of that nature, but the figure which has been quoted is one that very often is quoted.

Mr. MOORE (*Wetaskiwin*): Now, switching to hogs; the stabilized price of a hog at the present time, I understand, is \$23.65 in Toronto. Is that correct?

Mr. WILLIAMS: No, not in Toronto. That is on a national basis.

Mr. MOORE (*Wetaskiwin*): It is?

Mr. WILLIAMS: Yes, it is on a national weighted average basis.

Mr. MOORE (*Wetaskiwin*): I think this possibly would not make the hog producer feel very safe. What I am trying to say is that the price at the present time is ridiculous in view of the going prices, and I have not checked the markets in the last little while. Is it 30 some odd cents at the present time?

Mr. WILLIAMS: Yes, a good deal above 30 cents; in the high 30s.

Mr. MOORE (*Wetaskiwin*): Yes. There is just one other point I wanted to bring out. The present stabilization price of hogs means nothing, and many of the hog producers are quite concerned about this because from past experiences they realize the price could break at any time. If it does, of course, with the high cost of production, the stabilized price of \$23.65 is unrealistic. Now, is this present price of \$23.65 based on a ten year average?

Mr. WILLIAMS: I should correct something I said a moment ago. At the present time the price support for hogs is not \$23.65, it is \$21.78; it is the 80 per cent mandatory. The board has taken no action with respect to hogs for the current year. The specific reason why the board took no action is exactly as has been outlined, namely it was felt that the \$23.65 was not a reasonable figure at the present time, and it would be much better for the board not to ask the governor in council to put into effect a price support. In other words, being a mandatory

product, the board has to determine what the 80 per cent is and has to record that figure. If we had gone to the government and received a support level of, we will say \$23.65, or any intermediate figure, the law states that once a level of support is arrived at above the 80 per cent, it must remain in effect for 12 months. Were the price of hogs to break very badly, the agricultural stabilization board's hands would be tied.

Mr. MOORE (*Wetaskiwin*): Providing they had already set a price ceiling.

Mr. WILLIAMS: That is right. So the concept is at the present moment that we are better off because hogs are at the present level. There appears to be no cloud, shall I say, on the horizon, or at least not on the immediate horizon. It was felt that the agricultural stabilization board could do a better job for the hog business by, in essence, holding a watching brief, and not have its hands tied with a price support which was determined at a time when there were no problems.

Mr. MOORE (*Wetaskiwin*): That is exactly what I wanted to know. Thank you very much.

Mr. HORNER (*Acadia*): I noticed that under the stabilization board, livestock division, that people inspect stockyards to see that they are run efficiently, is that right?

Mr. WILLIAMS: Not under the agricultural stabilization board. That comes under the livestock division of the production and marketing branch.

Mr. HORNER (*Acadia*): Well, under either one or the other. The federal government inspects the operation of stockyards and the passing of livestock through them. Am I right?

Mr. WILLIAMS: We have certain supervisory functions under the stockyard act, yes.

Mr. HORNER (*Acadia*): Does this include the inspection of scales?

Mr. WILLIAMS: I believe so, yes.

Mr. HORNER (*Acadia*): I was reading an article from an American paper under their stockyard act to the effect that in 1965, when they inspected the scales, they found that 22.9 per cent of them were out.

The CHAIRMAN: Mr. Horner, I was wondering if this has anything to do with stabilization, unless you are building up to it.

Mr. WILLIAMS: I think I should correct something, Mr. Horner. We do not actually inspect the scales. The Department of Trade and Commerce, weights and measures branch, have the responsibility for the actual inspection of the scales.

Mr. HORNER (*Acadia*): What is covered under the stockyard act?

Mr. WILLIAMS: One of the major activities under the stockyard act is the supervision of the trust account.

Mr. HORNER (*Acadia*): You do supervise the trust account?

Mr. WILLIAMS: That is correct.

Mr. HORNER (*Acadia*): We noticed recently in Alberta, in the last couple of years, let us say, a few deviations or mishandling of trust accounts. These were not in some of the major markets, nor were they in some of the major commissions at the major markets. Do you think that your inspection of trust accounts should be widened?

Mr. WILLIAMS: Our supervision of trust accounts under the act at present is limited to public stockyards in the province of Alberta. I believe the other centres are covered by provincial legislation.

Mr. HORNER (*Acadia*): Well, this is a point that I would like to make. Do you think that more and more of the stockyards should be taken under federal supervision?

Mr. WILLIAMS: Well, there is a question of authority involved here, I believe, and I am certainly no legal authority. However, the basic reason why the major public stockyards were put under federal authority was that they were largely associated with interprovincial trades, particularly when—

● (10.30 a.m.)

Mr. NOWLAN: On a point of order. We are on the agricultural stabilization board, and with all due respect to my learned colleague and his knowledge of stockyards and the question he wants to develop, is this the time and place to develop it, or can it be covered in some other section, or perhaps we have covered it? I believe we have covered it.

The CHAIRMAN: Yes, Mr. Nowlan, I believe you are correct. It is all in the minutes. In fact, all these questions were asked of Mr. Bennett before about the operation of the stockyards, and so on. I think, Mr. Horner, if you will check the minutes you will find this same line of questioning was covered in the previous meeting.

Mr. NOWLAN: Well, we do not have all the minutes so this is one reason perhaps why we do not know what we have covered. However, I have a question which perhaps Mr. Horner can rule me out of order on.

Mr. HORNER (*Acadia*): I will too. However, I will come back to it and I do not care whether it has been covered once already or not; that does not bother me at all. If I want to ask it again I will.

The CHAIRMAN: You may have an opportunity to ask it again either today or tomorrow; on a different day, I would suggest.

Mr. HORNER (*Acadia*): Not necessarily on a different day; I will be around all day. It can always be brought up in the House, and I think perhaps I will be around when the estimates come up in the House.

The CHAIRMAN: This is what I mean. We will have an opportunity to come back to this because we did not pass Item No. 1 purposely so anything could be brought up again at that time. Mr. Rapp is next on the list.

Mr. RAPP: Mr. Chairman, I would just like to ask whether any complaints have been received by the stabilization board about the method or the way the deficiency payments are paid and calculated by farm organizations or by individuals over the last couple of years? And, if so, were they mostly



suggesting that these deficiency payments should be calculated on a regional basis? Some farm organizations in my area have strongly suggested that this should be done on a regional basis. I just wanted to know whether the stabilization board has received any suggestion, not necessarily complaints, but any suggestion that the method of payment and calculating these deficiency payments should be done on a regional basis.

Mr. WILLIAMS: Yes, sir, we have.

The CHAIRMAN: Have you finished your line of questioning?

Mr. RAPP: Yes, I have. I received an answer to my question.

(Translation)

The CHAIRMAN: Mr. Matte.

Mr. MATTE: Are there several products for which the Government has to pay a subsidy under the Stabilization Act?

(English)

Mr. WILLIAMS: At the present moment?

Mr. MATTE: Yes.

Mr. WILLIAMS: At the present moment there are 11 commodities under support. I believe the question was: On which of these is the government presently paying a subsidy? The only one on which we are presently paying a subsidy is manufacturing milk and cream.

There are others, however, on which it is virtually certain there will be a subsidy paid for the current year. These include sugar beets and wool, the two which I think would be absolutely certain. When I say there is a very high possibility, I am simply saying that these are on a deficiency payment basis, and all price indications would point to the fact that there will be a payment.

On the eggs, for example, we are about half way through the support year, and it is not possible to tell at the present time. This is true of some other commodities as well. With respect to hogs, as I mentioned earlier, they are just under the mandatory level at the present time. But the possibility of a payment would appear extremely remote. Those are the commodities at the present time.

(Translation)

Mr. MATTE: Does that mean that next year, since you have to pay a price under the Stabilization Act, the price will be lower under the Stabilization Act next year?

(English)

Mr. WILLIAMS: No, not of necessity at all. It might be higher or it might be lower; it would be a matter of government decision as to the level of support. In so far as mandatory products are concerned, whether the support level will be higher or lower depends upon the fluctuation in the base price. We will drop off a year in our average ten years ago and we will add the last year's. If the last year's price was high, and the year we dropped off was low, it will raise the base price. If the converse is true, it will lower it.

I think you will appreciate, however, that the prices we are dropping off at the present time are the prices at the mid '50s and they are not, in general, higher now. This is a very broad statement I am making, but in general they are not as high as current prices. Three or four years ago, when we were dropping off the prices around 1952 and those years, we were dropping off high years and adding low years, and our base price was going down. But it depends entirely on the relationship between the year added and the year dropped off.

(Translation)

Mr. CLERMONT: A supplementary. Did the Government in 65 pay a support price for tobacco?

(English)

Mr. WILLIAMS: No, we have never paid a subsidy on tobacco. We have had a price support program on a deficiency payment, but the national weighted average in that year was higher than the support price and no actual payment was made.

Mr. NOWLAN: Mr. Chairman, I do not know if milk comes under this heading? If it does, I would like to ask a question.

Mr. WILLIAMS: It depends upon the question.

Mr. NOWLAN: Well, it is on milk. First, were there any integration conferences, or any conferences between the federal department and the provincial departments before the recently announced dairy policy?

Mr. WILLIAMS: This is a support price?

Mr. NOWLAN: And I am directing my mind to the fact that under the federal policy we take 3.5 per cent butter fat, and there are some provinces that measure on a 3.7 per cent basis. I just wondered if there was any preliminary negotiation or discussion to try to get a common base for support price? That was the first question.

Mr. WILLIAMS: Well, I can answer that portion of it. I think the direct answer in respect of that question would have to be, no. The 3.5 per cent was arrived at because, based on the previous year's results, 3.5 per cent was the average fat percentage of all milk marketed in Canada for the year.

Mr. NOWLAN: Well, is there some citation from some provinces to try to get a common base, and was there any discussion at the federal level with the provinces to get a common base?

Mr. WILLIAMS: I have never heard of any in so far as the stabilization board's activities are concerned. I understand there has been some discussion at the dairy commissioner level as to the desirability of having a standard fat content for pricing purposes right across Canada, yes, but not in so far as the stabilization board is concerned.

Mr. NOWLAN: Even in the day of integration with everything else, you do not think from the stabilization point of view it will have any effect?

Mr. WILLIAMS: Not as far as we are concerned because we are paying our subsidies this year on the basis of fat. Let us take in the province of Nova Scotia

where, I believe, the standard fat is 3.7 per cent; anybody there delivering 3.7 per cent milk would not get 75 cents per hundredweight; he would get more because in the actual calculation done by our data processing people they do not multiply the milk by 75 cents, they multiply the fat by 21.43 cents. This bears a direct relation to the test. So, irrespective of whatever the provincial regulations are, the people are paid on the same basis as they are paid within the province.

Mr. NOWLAN: Thank you. The other question is this: You mentioned previously the three ways in which you support the basic price of milk at \$3.25. Certainly in the east, in some areas, as matter of fact, there is not the support price at \$3.25 so that the 75 cents direct payment does not come out to \$4.00. Has there been any thought to try to get the support price in say, well, Nova Scotia, up to the \$3.25 so that the 75 cents will bring the \$4.00 milk?

Mr. WILLIAMS: Very definitely. We have taken action in respect of this particular problem in Nova Scotia, and I believe the situation has improved somewhat since then. I would not go so far as to say that it has been completely corrected, but it certainly has improved. I believe it has improved again very recently because of strengthening in markets.

The action I am referring to was including roller powder under the export subsidy program at the same rate as spray powder. The difficulty is that the roller powder has not reached and maintained a normal differential between itself and spray powder. I have been informed in very recent days that the powder market appears to be strengthening not only right across Canada, but outside of Canada as well which we would hope would do much to alleviate that condition.

Mr. NOWLAN: So it was utilizing that third feature which you mentioned some time ago, namely export assistance, to help strengthen the situation.

Mr. WILLIAMS: That is correct. The difficulty, of course, here is that somebody has to find a market for it to move it into export, but the mere fact that it did have export assistance extended to it strengthened the price quite a bit; it strengthened the bargaining position of those people who wished to sell.

Mr. NOWLAN: Thank you.

Mr. NOBLE: I would like to ask Mr. Williams if the federal subsidization board can do anything to relieve the situation we have in Ontario now of these tractors running up and down the road. These farmers are complaining that this is a provincial responsibility and the provincial people tell them that it is a federal responsibility. Now, what is the situation there as far as we are concerned here in Ottawa?

Mr. WILLIAMS: Well, I am afraid I cannot answer that question. All I know of the situation is what I have read in the newspapers in respect of what their claims are, shall I say. They certainly are directing their claims at the provincial government. All I can say is that from the various points I have seen raised in the newspapers—once again I am speaking solely from newspaper reports and therefore I cannot speak with any degree of accuracy—as I understand it, they are asking for a provincial subsidy to cover the cost of transporting milk from the farm to the factory. The federal subsidy is based on f.o.b. factory price.



Mr. NOBLE: Would this suggested subsidy by the farmers conflict in any way with the subsidization being given from Ottawa?

Mr. WILLIAMS: I am not too sure what would be meant by "conflict". I think one would have to say this, to be absolutely fair about the matter, that if subsidies of any kind were at such a level as to bring out excessive supplies of milk, this could place an obligation on the federal government in respect of its payments. Let us say, for example, that there is a level for milk sufficient to bring on milk greatly in excess of what is needed in this country; if this is done under the current policy it could increase the federal government's obligation in terms of payments. But, other than that, I see no particular way that it would directly affect the federal subsidy.

Mr. NOBLE: Well, Mr. Chairman, I base my question on the fact that the minister of agriculture for Ontario said that he could not do anything further than had been done because he thought it would be in conflict with the subsidy coming from the federal government.

Mr. MOORE (*Wetaskiwin*): Is it not true that there might be confusion here between the price of fluid milk, under the control of the province, for distribution use and all other milk?

I do not know how it is in every province. In our province it is controlled by a board of commissioners. Is that not correct?

Mr. WILLIAMS: In the province of Ontario both fluid and manufacturing milk are under the same board of control; that is, the price of fluid milk is set exactly the same as the price of manufacturing milk. It is not at the same level, but the same mechanism applies.

Mr. MOORE (*Wetaskiwin*): In Alberta this is not so. The fluid milk is controlled by a board in Edmonton, but the other comes under stabilization from the federal government. Is that correct?

Mr. WILLIAMS: Yes.

Mr. MOORE (*Wetaskiwin*): That is something I was not too clear on. Now, I suppose every province could be different in this respect. Is that correct? I mean either one or the other?

Mr. WILLIAMS: It would depend upon provincial legislation as to their ability to fix prices or not fix prices.

The CHAIRMAN: I might make a comment here. From my knowledge, I think this is one of the things that the minister of agriculture in Ontario is objecting to. The manufacturers of dairy products claim they can get cheaper milk in the province of Quebec than they can in Ontario. They have raised the price to the farmers of shipping the milk to the manufacturing plants, and this is one of the strong objections the farmers have. They claim that they have to compete with cheaper products coming in from other provinces into Ontario.

Mr. MOORE (*Wetaskiwin*): Mr. Chairman, under the announcement of the dairy policy—I am not too sure how it read—I think farmers were given to believe that they would receive \$4.00 per hundredweight for all manufacturing milk whether it came in the form of cream or not. I think this is causing a lot of the trouble because actually there is no guarantee of \$4.00 milk. There is a

guarantee of so much per hundred subsidy, and whether the farmer or the producer receives \$4.00 a hundred or more for his manufacturing milk or cream, what-have-you, depends on the basic amount he receives, and if it is not large enough he naturally is not going to get \$4.00. This is causing a lot of trouble throughout the country and a lot of complaints because the advertising or window dressing, or whatever you want to call it, says \$4.00 milk. There is no guarantee that he is going to get this; they are just trying to bring it up to this. It is the same idea as the 85 cents and 10 cents off; they should have made it a \$1.75, which would sound better, and take a \$1.00 off. I think this is what is causing many of the complaints among the producers.

The CHAIRMAN: I think the dairy producers, especially those producing milk for manufacturing dairy products, would be much better off if we had a real national dairy policy. This is a product which travels between provinces and different legislation within provincial jurisdiction has an effect on the price which the producer of this product receives. I see Mr. Grills here who knows more about the dairy industry than I will ever know. I remember seeing a letter from the minister of agriculture for Ontario suggesting a minimum price of \$3.25 delivered. Many of the dairy people have taken this to mean that they do not have to pay any more, and that means less trucking or shipping charges.

Mr. MOORE (*Wetaskiwin*): Well, he might suggest this in Ontario, but it does not affect the other provinces.

The CHAIRMAN: No. I am just talking about the question Mr. Noble brought up.

Mr. WILLIAMS: I am quite sure that the points which have been raised are very valid ones and the board certainly recognizes them. We have run advertisements in all the agricultural publications and in almost all of the weekly newspapers where we have tried our best to point out that it was the responsibility of the producer or his organizations to bargain for this \$3.25, but this did not represent a guarantee to each and every producer for \$4.00 milk. I think the gentlemen here would realize the complete impracticability of the agricultural stabilization board administering a program that guarantees to every farmer \$4.00 milk irrespective of what he gets for his milk. This would leave no incentive whatsoever on anyone to bargain for their milk at the market place; they could sell their milk for five cents a hundred with the guarantee that the stabilization board, on behalf of the government, would pick up \$3.95.

Mr. MOORE (*Westaskiwin*): I agree; I was not suggesting that.

Mr. WILLIAMS: It is a very distinct problem, and you are perfectly correct about the letters and complaints we receive; they are based almost entirely on misunderstanding of the policy.

Mr. MOORE (*Wetaskiwin*): My only point was the misunderstanding, not who should pay it. I realize we cannot subsidize it.

The CHAIRMAN: Thank you, Mr. Moore.

Mr. GRILLS: Mr. Williams, will you venture a figure of what you consider the average cream producer will receive? I know it is difficult to value the skim milk on the farm at a definite figure, but what is your own thought on this?

Mr. WILLIAMS: Well, the average cream producer should receive in my opinion, somewhere between 80 cents and 82 cents per pound for his butter fat. I am not prepared to put a value on the skim milk which he keeps at home; this depends almost entirely, if not entirely, on his ability to use it. It depends on the price of hogs, the price of chickens, and the price of everything else.

Mr. PETERS: Mr. Chairman, may I ask a supplementary question? Is it not your board which has decided that the farm separated milk will produce skim milk worth \$1.05?

Mr. WILLIAMS: No! Our board has never reached any decision on this matter. The only board decision has been that the subsidy paid to cream producers—and this was not a broad decision; this was a board recommendation, and a government decision—should be the same as that paid to manufacturing milk shippers, namely 85 cents per hundred less 10 cents.

Mr. MOORE (*Wetaskiwin*): Mr. Chairman, I might mention that in our area producers can obtain butter milk at 20 cents a hundred which does the same feeding job as the skim milk. I have no point in particular, but I am just showing the variation in the value of skim milk between one area and another, and depending on the market, if any.

Mr. WILLIAMS: I am informed commercially at the present time, or within recent times at least—not possibly right at the present moment because of the very heavy flow of milk at the present moment—that skim milk has changed hands in excess of \$1.00 a hundred.

Mr. MOORE (*Wetaskiwin*): Depending on the area, of course.

Mr. WILLIAMS: That is right. Now, this is for the sale of skim milk.

Mr. MOORE (*Wetaskiwin*): This would be for skim milk powder?

Mr. WILLIAMS: Oh, yes, there is no argument about that. I am talking about commercial sales for skim milk. It would possibly be plants that took in whole milk, separated it, made butter and were unable to handle all the skim milk.

Mr. HONEY: Mr. Chairman, I would like to move away from dairy products for a moment. I might ask for a bit of information about the board's method in determining the support price for some commodities. Now, I have in mind, for example, wool which I believe is a designated product. Is this correct, Mr. Chairman?

Mr. WILLIAMS: Wool is one of those in between ones. We treat it as a mandatory product, as a matter of fact, simply because the act specifies sheep. We support lamb and wool together as mandatory products in order to provide support for sheep.

Mr. HONEY: What is the basis on which you support wool and sheep?

Mr. WILLIAMS: Well, lambs are supported by a deficiency payment program at 80 per cent of the base price which is at the present time \$18.19 a hundred weight, and that is a national average. Excuse me, I was reading the wrong column. It should be \$18.80 a hundredweight instead of \$18.19, and that is 92.2 per cent of the base price.



Wool is also supported by a deficiency payment program at 138.8 per cent of the base price which amounts to 60 cents a pound. The support for wool is based upon the average wholesale price at which wool is sold for certain representative grades, and the grades are named in the support order.

Mr. HONEY: What has been the history in the last few years about deficiency payments on both? Have we been making payments on wool, for example?

Mr. WILLIAMS: We have made payments on wool every year. Last year I believe it was 16. something cents. I could give you the figure in a moment, but it was about that, and it has ranged up over the past years between, I would think, 12 and 20 cents a pound.

Mr. HONEY: That is the average, 12 cents to 20 cents?

Mr. WILLIAMS: That is the range, yes. It is quite possible that there are years where it is not necessary to support lambs, for example, but wool is supported. Payments have not been made on lambs since they were moved to a deficiency payment basis.

Mr. HONEY: You have always made a payment on wool?

Mr. WILLIAMS: Yes, we have always made a payment on wool.

Mr. HONEY: There is a relationship in determining the support prices—

Mr. WILLIAMS: In practice there has been no relationship in the matter of the deficiency payments. I am just not sure that I follow you, Mr. Honey.

Mr. HONEY: In other words, I am only assuming that you establish your support prices on some formula which each year bears the same ratio for lamb and wool; you apply the same formula?

Mr. WILLIAMS: Not exactly, if I understand you correctly. The procedure followed by the board in respect of this is an endeavour to support lamb and wool at a reasonably constant level. The lamb support has to be modified possibly from time to time, but the wool support is our major method of supporting the sheep industry.

Mr. HONEY: Well, I think that is the information I wanted.

Mr. WILLIAMS: Mr. Phillips just reminded me that in weighting it for the value of lamb and the value of wool we consider that the combination of the two comes to slightly over a 100 per cent of the base price of the two. Now, I think you will appreciate that this is not a hard and fast figure because, depending upon the type of operation the man may be running, a greater or lesser percentage of his total revenue may be coming from wool than someone else in a different situation.

Mr. HONEY: Well, this is my point, that you do take both products into consideration.

Mr. WILLIAMS: Definitely, but not by a fixed formula, I am afraid.

Mr. HONEY: But there is a ratio which you use.

● (11.00 a.m.)

Mr. WILLIAMS: Yes.

Mr. HONEY: Thank you, Mr. Chairman.

The CHAIRMAN: I do not know what the Committee thinks of this. We have the room as long as we want to have a meeting; there is no other committee using this room this morning. Some of the members have made it known to me that they have other commitments shortly before 12 o'clock. We could take a five minute break—there is coffee available to the members—and then we could start off with Mr. Horner, Mr. Olson and Mr. Grills, who have intimated that they want to start their line of questioning.

Mr. OLSON: I have one question I would like to ask which is supplementary to what was asked.

The CHAIRMAN: A supplementary question?

Mr. OLSON: Yes. With respect to this matter of milk, is the federal government, under this new dairy support plan, going to pay a subsidy at all if the price paid by the processors is less than \$3.25 per hundred for 3.5 per cent milk?

Mr. WILLIAMS: Very definitely. Yesterday morning some 52,000 cheques totalling \$3.6 million were put in the mail, and this is just the first of the cheques.

Mr. OLSON: This went out to producers who had sold at less than \$3.25.

Mr. WILLIAMS: No, irrespective of the price they sold at.

Mr. NOWLAN: The cheques went out on the basis of 3.5 per cent?

Mr. WILLIAMS: The question asked was whether the milk was sold at \$3.25 a hundred paid by the producers. It did not matter what the test was.

Mr. NOWLAN: But the cheques went out on the basis of \$3.25?

Mr. WILLIAMS: They went out on the basis of 75 cents a hundredweight for 3.5 milk, or on the basis of 21.43 cents per pound of fat, irrespective of the price that the producer received for the milk.

Mr. NOWLAN: That was not Mr. Olson's question.

Mr. WILLIAMS: Oh, I am sorry.

The CHAIRMAN: Yes, it was. That was your question, was it not, Mr. Olson?

Mr. WILLIAMS: That was for April deliveries; not all April deliveries by any means. There are more cheques going out immediately. There was some May milk included in that for plants where the information had come in in time. For your information, the cheques ranged up to \$400 per producer.

The CHAIRMAN: We will adjourn for five minutes.

The committee resumed at 11.17 a.m....

The CHAIRMAN: We will call the meeting back to order. I believe Mr. Horner has the floor now.

Mr. HORNER (*Acadia*): Thank you, Mr. Chairman.

My first question is about the food inspection department. I asked a question about a month ago in this committee with regard to inspection of food. I heard a rumour a couple of years ago that beef blood was being mixed with mutton and sold as hamburger. I think somebody said they were going to look into that to see whether or not this could be done. Has anybody looked into it?

The CHAIRMAN: Mr. Williams advises me that Dr. Wells has been informed of this. On Tuesday morning the health of animals comes before the committee, and he will be prepared to answer these questions at that time.

Mr. HORNER (*Acadia*): Fine. I will let that go for now then and I will be here Tuesday morning.

I have some questions with regard to the sheep industry. You said that the wool price was 138 per cent of the ten year average.

Mr. WILLIAMS: The support level, yes.

Mr. HORNER (*Acadia*): I would gather from this that it is the government's wish to encourage more production and more people into the sheep industry. Am I right?

Mr. WILLIAMS: I think the position of the board in respect of this is that this is a commodity where there is absolutely no possibility, in what might even be loosely called the foreseeable future, of any over production whatsoever. Therefore, there is excellent reason why it should be stimulated as an industry.

Mr. HORNER (*Acadia*): You say there is no fear of over production.

Mr. WILLIAMS: I am speaking of wool.

Mr. HORNER (*Acadia*): Wool, yes. Now, we see more and more synthetics coming into the market; there are more and more clothes being made from synthetics. You have had to pay a deficiency payment on wool ever since the inception of the stabilization board. Has the price of wool on the market gone up or down in the last number of years?

Mr. WILLIAMS: In very recent years the tendency is upwards. It was extremely high in the early and mid '50s. It fell off somewhat and has shown signs of recovery but there have been no really marked trends in very recent years. When I speak of recent years, I am talking about five years or so. But what trends they have had are slightly upwards.

Mr. HORNER (*Acadia*): There is a good demand yet for wool?

Mr. WILLIAMS: Oh, yes. Wool is considered to be in quite a strong position on the world market at the present time. We, incidentally, in Canada only produce somewhere in the nature of 10 per cent of our total requirements of wool.

Mr. HORNER (*Acadia*): Has the sheep industry gone up or down in numbers in the last year in Canada.

Mr. WILLIAMS: Down!

Mr. HORNER (*Acadia*): Then perhaps one could assume that since we have a demand for wool, and we only produce 10 per cent of our requirements; the



industry is still going down, perhaps the subsidy should be increased? I see you are nodding your head. You must be agreeing with me.

Mr. WILLIAMS: If that was a question, I would say the position which Mr. Horner has taken is supported by the sheep industry.

Mr. HORNER (*Acadia*): Let us take a look at the lamb market. You said that the price is 92 per cent of the average.

Mr. WILLIAMS: The support level, yes.

Mr. HORNER (*Acadia*): In Mr. Honey's earlier questions he wanted to arrive at how or why the stabilization board set their support price where they did. Now, I suggested to you, and you did not really disagree with me, that in setting a support price at 138 per cent of the ten year average, the government policy must be to encourage the production of wool. This is why they set it that high. There is no other formula that you can arrive at really, is there, in setting these support prices? It must be a policy determined on whether you want more of the product or less of the product. In setting a 92 per cent average for lambs, here again you must feel reasonably certain that there is a good demand for lambs and you are prepared to support the industry to that extent.

Mr. WILLIAMS: That is correct. I should say in elaboration that in addition to the support under the Agricultural Stabilization Act for lambs, the government also has a quality premium program, and every grade "A" lamb marketed that falls within certain specific weights—I believe it is 30 pounds to 52 pounds full dressed weight, but I am not absolutely certain of those figures—receives a federal subsidy of \$2.00, and every "B" lamb receives a subsidy of \$1.00. This, of course, is taken into consideration by the board when it arrives at its support levels as well.

Mr. HORNER (*Acadia*): What percentage of the lambs grade "A"? I just want a rough idea.

Mr. WILLIAMS: I believe that about two-thirds of the lambs were eligible for one subsidy or the other. I could check these figures, but I think it is 46 per cent grade "A". The percentages have increased very significantly since this subsidy was introduced, mainly because people marketed their lambs at better weights.

Mr. HORNER (*Acadia*): At better weights. This is the key to grade "A".

Mr. WILLIAMS: That is a very important factor in this.

Mr. MOORE (*Wetaskiwin*): Mr. Chairman, I have a supplementary on the same subject. Is it not a fact that one of the biggest factors why sheep production has never increased too much in Canada is because the lamb values are very high?

Mr. WILLIAMS: I am sure this is a factor. I think any time you get a group of sheepmen together you can get as many suggestions why sheep are not popular in Canada as there are people in the group.

Mr. HERRIDGE: Mr. Chairman, a supplementary question. Dr. Horner was questioning with respect to marketing, and I understand Mr. Williams to say that we only produce about 10 per cent of the wool required in Canada.

Mr. WILLIAMS: That is the approximate figure, yes.

Mr. HERRIDGE: Well, I was brought up in the time when they used to say it took a sheep to kill the woman; then I went through a period when it took one silk worm, and now I understand it only takes a pound of pulpwood or something.

Who purchases this wool and for what purpose is it used in Canada? Have you any idea of the industries who purchase it, and what they use it for?

Mr. WILLIAMS: The major use for Canadian wool within the country itself at the present time is for paper felts. This is in the newsprint trade. They make the felts—they are called the paper felts—used for making papers at the paper mill. Most of our domestic wool that grades quarter and three-eighths blood is used for this purpose. The finer wools are in general exported from Canada, and we import the woollen we need for what is known as the worsted trade which is the type of wool used to make gentlemen's suitings and things of that nature.

The reason that this is exported is because we do not have sufficient volume in this country to set up a spinning trade which will process this finer wool into what is called "cops" which are suitable for making the yarns that the cloth is woven from.

Mr. HERRIDGE: It is very interesting indeed.

Mr. RICARD: With respect to the quality of the wool, how does Canadian wool compare with Australian as far as length of fibre and its quality are concerned?

Mr. WILLIAMS: Grade for grade, Canadian wool compares quite well with most wools with one major difference. In general, Canadian wool has more chaff in it associated with our indoor feeding practices in this country.

Australia, however, has specialized in an extremely fine wool of a type which we do not grow in Canada at all. So it is almost impossible to compare quality for quality. In general, however, I think it is only fair to say that the Australian wool clip probably sells for a higher price on the average than the Canadian wool clip does. They breed sheep in Australia solely for the production of wool in certain areas. They only raise enough lambs for flock replacement in their fine wool flocks. In the merino flocks of Australia selection has been aimed almost entirely at wool; whereas here, of course, we have selected for lamb and wool.

In general, in Canada a sheepman receives about 80 per cent of his revenue from the sale of lambs and about 20 per cent of his revenue from the sale of wool.

● (11.30 a.m.)

I believe it was Mr. Horner who asked about the percentage of grade "A" lambs. Canada choice for the 1965-66 fiscal year was 48.1 per cent and Canada good was 21.6 per cent.

Mr. HORNER (*Acadia*): I have a couple of further questions, Mr. Chairman. There is an old question with respect to lambs, and I am sure you are well aware of it, Mr. Williams, but perhaps for the record it should be explained

once again. Why can Canadian lambs not be sold as Canadian fresh lambs, and why are New Zealand and Australian lambs coming into Canada not labelled as New Zealand lambs?

Mr. WILLIAMS: Every New Zealand lamb coming into Canada at the present time is labelled by New Zealand as New Zealand lambs; it has an ink brand stamped on it. This is a New Zealand regulation, the country of origin. We get very few lambs from Australia. The main import in this category from Australia is mutton for processing.

Mr. HORNER (*Acadia*): Yes, for the sausages I was talking about.

Mr. WILLIAMS: As a matter of fact, a great deal of the mutton which comes into Canada is used for soup purposes.

Mr. HORNER (*Acadia*): Just one further question. I have seen the government, past and present, supporting the sheep industry to quite a large extent, and yet you say the industry itself is going down. How sharply has it reduced itself in the last five years?

Mr. WILLIAMS: I am afraid I cannot quote the figures offhand. I would think in the last five years our population of sheep, as of June 1, is down at least a quarter.

Mr. HORNER (*Acadia*): Now, I do not like to see the government involved in anything which has proven to be uneconomical. Yet here I see a good ewe worth \$15, let us say; she raises 10 pounds of wool, and the government gives a subsidy of \$2.00 on that wool. She has twins, let us say, and they are both grade "A", and a fellow gets \$2.00 apiece for them from the government. So he receives a total of \$6.00 from the government on a \$15.00 ewe.

Now, this is a pretty heavy support for an industry, and yet the industry seems to be going down. I wonder whether a whole new approach to the sheep industry in Canada should not be looked at, and the subsidies either increased to where the industry will be a sustained one, if it is necessary in Canada, or perhaps we should throw in the towel and say it is an uneconomical business to support a \$15.00 investment by a \$6.00 return directly from the federal government. You have no comments?

Mr. RICARD: Do any provincial governments have a support program for the sheep industry?

Mr. WILLIAMS: I think almost all of the eastern provinces have a shared program with the federal government whereby they subsidize the movement of breeding ewes from western Canada to eastern Canada. In addition to that, the province of Quebec has various other programs associated with lamb bonus, and in certain cases, I believe, some type of ewe bonus program. I think almost all of the provinces have some type of a lamb bonus program.

(Translation)

Mr. COMTOIS: What is the percentage of the Canadian consumption of wool produced by the Canadian breeders?

(English)

Mr. WILLIAMS: About 10 per cent.



Mr. GRILLS: To what do you attribute the production of sheep population going down?

Mr. WILLIAMS: Personally?

Mr. GRILLS: Yes.

Mr. WILLIAMS: I think the social status of the sheep. I may sound a little facetious in saying this, but I think the cowboy movies have done as much as anything to reduce the status of sheep. Most people just do not want to keep sheep.

To be a little more serious about it, I think another very important reason is—and it was one which was mentioned here obliquely earlier—that too many people have considered sheep to be a scavenger operation, a salvage operation, very much of a sideline, and in general it has not contributed too significantly to their standard of living. If a dog worries one sheep the fellow says, "I am not going to be bothered with them anymore," and he ships the whole thing off to market, if he only has 18 or 20. So what I am really saying is that flock sizes in general have been too small.

I am sure you gentlemen will be interested in knowing that officials of the Sheep Breeders Association met with departmental officials and the minister not too long ago, and, without exception, the larger operators said they felt that this was a profitable enterprise. You may have noticed in the newspaper the other day a quotation by a prominent dairy farmer in Ontario who said that his sheep on his farm returned him more for the investment than did his dairy cattle, and he is an extremely prominent dairyman.

I think it is associated with flock size and the manner in which sheep in general have been kept. In the countries of the world where sheep are successful, they are kept in general on the good land, not on the poor land. The breeding stock may be raised on the poor lands, but the fat lambs are raised on top quality land.

(Translation)

● (11.48 a.m.)

Mr. MATTE: How many would it take to a farmer who is just engaged in lamb raising?

(English)

Mr. WILLIAMS: This is a difficult question to answer. I believe most of the studies have indicated that as an absolute minimum 200 ewes should be kept to produce a reasonable standard of living. The arithmetic is not too difficult, but this is about the size.

Mr. HERRIDGE: Mr. Chairman, from my experience I know of a number of people who started out with quite good size flocks of sheep—I am talking about mountain areas—but they have gone out of it because they simply could not fight the coyote menace. Have you heard of that?

Mr. WILLIAMS: Oh, very definitely. This is one of the many reasons which are advanced, namely cost of fencing, predators, dogs, unavailability of skilled labour, there are many reasons. But, I really think the basic reason, particularly

in eastern Canada—this is not true to the same extent in western Canada, Mr. Herridge—has been the size of flock?

I believe under our subsidy program for wool, based on an average yield of eight pounds of wool, that the average flock size for Canada is something in the nature of 15 or 16 ewes.

The CHAIRMAN: Mr. Moore, did you have a supplementary?

Mr. MOORE (*Wetaskiwin*): Is it not true that it is customary to use far out-land so to speak, for sheep raising, and, of course, this is where your predators come into it; coyotes in the west, wolves, and so on. This makes it pretty discouraging. The fact is, of course, that it is pretty hard to find a man these days who will take on that type of a job to protect them.

Mr. WILLIAMS: I think of all the agricultural industries, the most anomalous one is the sheep one. It is difficult to find adequate reasons why the population is decreasing. Almost any argument can be advanced, and almost any argument can be refuted.

Mr. DANFORTH: I have a supplementary, Mr. Chairman. I wonder if Mr. Williams can tell us—and I base my question on the fact that we have a centennial celebration coming up, and there is a tremendous amount of publicity now on Canadiana products; there is a drastic movement on foot to produce souvenirs and novelties made in Canada instead of importing them to the extent they have been—if there has been any approach by the industry itself, speaking of sheep, to employ under the ARDA program or any other program, government finance or government aid to establish in Canada a manufacturing project which would utilize our fine Canadian wools for the production of Canadian garments in order that we might utilize and expand the industry in Canada rather than export our finer wools? Has there been any suggestion, any activity on the part of the industry itself, to encourage this very important project?

Mr. WILLIAMS: I know of none.

Mr. DANFORTH: There has been no stimulation, no suggestion or no effort which you have come in contact with?

Mr. OLSON: I just have two questions, Mr. Chairman. I would like to ask Mr. Williams if hogs have ever been supported above the 80 per cent mandatory level?

Mr. WILLIAMS: Yes. This is the first year they have been at the 80 per cent level since the Agricultural Stabilization Act came into effect.

Mr. OLSON: In other years then there was a level somewhat higher than 80 per cent.

Mr. WILLIAMS: Yes, I could read you the levels.

Mr. OLSON: Not all of them, but some.

Mr. WILLIAMS: I am sorry, I will take that back. There was part of the year of 1959, when we changed from a purchase program to a deport program, that they were just supported at the 80 per cent level. In general, the level runs between 85 per cent and 90 per cent.

Mr. OLSON: Thank you. I have one other question. I do not expect an answer now, but I would like to have the information when it is available. I would like to have the method of calculation with respect to establishing the subsidy paid for sugar beets; that is, the old formula which has been used in the past, and the new one whenever it is available.

Mr. WILLIAMS: Fine, sir.

The CHAIRMAN: Mr. Grills, you had some questions?

Mr. GRILLS: Well, I was thinking about the dairy prices here. I am not suggesting, nor do I ever want to be quoted as suggesting that up to the present time a dairy farmer has ever received any more than he was deserving of because it is probably the hardest farm operation with the most hours of work involved.

They are talking about \$5.00 milk in Ontario, and I wonder just where the maximum will come before we will have so many dairy substitutes created that we might kill the goose that laid the golden egg. When you talk about \$5.00 for manufactured milk, you are going to have pretty expensive products from that, are you not?

Mr. WILLIAMS: Of course, the answer to that, Mr. Grills, would be as to how the \$5.00 was arrived at. If the \$5.00 was arrived at by subsidies rather than from the market place, it should not affect the consumption. If it is arrived at from the market place, I do not believe that I could give an estimate of how high it could go.

The only basic information we have on this is in respect of butter. We know that when butter was 64 cents back in 1959, 1960, 1961 and 1962, in that era, it was felt by the consumer that this was too much, and consumption dropped from around 19 pounds per capita down to just over 15 pounds per capita.

We also know that when the price was dropped back to the equivalent of 52 cents wholesale—and the 64 cents, of course, was a wholesale figure as well—that this resistance was essentially eliminated. We also know that since then the price has been advanced to a wholesale price at the present time of 69 cents, and consumption is still holding up. For the month of May, the latest figures that we have, I believe consumption was up five per cent over the same month of a year ago.

I think when one looks at those figures, one has to also bear in mind the fact that a price of 52 cents in 1962, I believe, would be the equivalent in purchasing power of 57 cents at the present time—in terms of cost in dollars, let us put it that way. So that while it looks as though the price of butter has gone up, it has actually stayed about constant in terms once again of cost in dollars.

Mr. RICARD: In the meantime, has the consumption of margarine gone down, or is it at the same level?

Mr. WILLIAMS: As a matter of fact, there has been very little change. There was some slight drop off, but the decrease in the consumption of margarine has not been proportionate to the growth in the consumption of butter; in other words, it represented true growth; it was not a switch in particular.



Mr. MOORE (*Wetaskiwin*): A supplementary question, Mr. Chairman. Did the cholesterol scare at one time affect the consumption of dairy products?

Mr. WILLIAMS: Well, I think it is very hard to segregate for causes; there are many causes. Certainly the major portions of the outcry, or whatever it might be called, against cholesterol took place at the same time as this happened.

Mr. MOORE (*Wetaskiwin*): Well, perhaps this is poor advertising by the dairy industry. They should have refuted it because it can be in many cases.

The CHAIRMAN: Mr. Ricard, you had asked for the floor; and you have a couple of supplementaries. It is your turn now to ask questions.

Mr. RICARD: I would like to know if there has been an exchange of opinion and points of view with the province of Quebec with regard to the establishment of the national dairy policy?

Mr. WILLIAMS: Very definitely.

Mr. RICARD: Can you make a resume of those exchanges of thoughts and opinions?

Mr. WILLIAMS: I would say in the consultation at the official level—and I am speaking at the official level at the present time; I am not speaking about the words in the legislation presently before the House, but in the philosophy behind it—I would say it was supported unanimously across Canada by provincial representatives.

If I go back a little bit; in 1963 there was a major dairy conference held in Ottawa. Subsequent to that, a committee was formed with representatives of the Federation of Agriculture represented by the dairy farmers of Canada; the industry represented by the National Dairy Council, and the provinces. There were five of each of these, with the provincial representatives being one from the maritimes, one from Ontario, one from Quebec, one from Manitoba and Saskatchewan, and one from Alberta and British Columbia, and I believe one federal representative.

This committee met on many occasions, and as a result of all these meetings they recommended quite strongly the formation of some national authority.

Mr. RICARD: Thank you.

(Translation)

The CHAIRMAN: Mr. Comtois.

Mr. COMTOIS: Mr. Williams, to come back to eggs, the maximum quantity is set at 10,000 dozens for each producer per year, could you tell me what was the quantity for the three last years?

(English)

Mr. WILLIAMS: For the last three years it has been 4,000 dozen. This year is the first year that it was increased to 10,000 dozen.

Mr. COMTOIS: This is the first year at 10,000.

Mr. WILLIAMS: That is correct.

Mr. COMTOIS: Could you tell me in what year the last support program for tobacco was?

Mr. WILLIAMS: In the year 1963.

Mr. COMTOIS: What was the support price?

Mr. WILLIAMS: The support price was 47 cents for all grades but rejects. Several grades were excluded, but they were minor grades. I believe they were special factor grades and reject grades, but certain grades were excluded.

(Translation)

● (11.49 a.m.)

What are the main pressure groups which have caused you to obtain better prices or some better support programs?

(English)

Mr. COMTOIS: What are the main pressure groups which have caused you to obtain better prices or some better support programs?

Mr. WILLIAMS: In general, representations in respect of support programs are received by the board from the particular commodity groups associated with them. The exception to that, I think, is the dairy support program where most of the national groups also make representation to the board. Let us take, for example, sugar beets; it is the sugar beet associations both the federation and the provincial ones—there are four provincial organizations and then there is a national organization. In general it is the particular commodity group. In certain cases they may be supported, in making their representations, by representatives from the head office or the executive of one or more of the national agricultural organizations. But, in general, it is the specific group itself.

Mr. COMTOIS: Do you sometimes, sir, take the initiative on those programs?

Mr. WILLIAMS: Oh, very definitely. We review all these programs—

Mr. COMTOIS: Without any representation from anybody?

Mr. WILLIAMS: Oh, very definitely. We are required by the act to make recommendations annually in respect of the nine mandatory commodities, whether we receive representations or not, and these are reviewed at all times. In addition to this, each product which we feel there is a particular problem about, the board reviews it and makes recommendations if it sees fit.

I may say, however, that almost invariably the industry knows of its troubles as well as the board does, and in general the industry is making representation to the board at the same time as the board may be considering it; to be frank, very often before the board considers it.

Mr. COMTOIS: Thank you.

Mr. HERRIDGE: Has British Columbia made any representations to date?

Mr. WILLIAMS: No, sir. They may be creeping up on us!

The CHAIRMAN: Mr. Ricard will be the last to ask questions because some members have intimated they have to be at a meeting at 12 o'clock.

Mr. RICARD: Is it the purpose of the law that the prices under stabilization be reviewed automatically every year?

Mr. WILLIAMS: That is correct, they are.

Mr. CHAIRMAN: Thank you. Now, this is the very last question, Mr. Matte.

(Translation)

Mr. MATTE: There are several milk producers who have not received their subsidies, they have not received last year's subsidies yet. No later than last week I received representations to that effect.

(English)

Mr. WILLIAMS: We are still receiving claims, and are still making payments, so I must presume there are some who have not received it. We are still honouring claims as they are received, and we are still making payments. I may say that the number of claims is diminishing very rapidly at the present time.

(Translation)

Mr. MATTE: This man in question was advised he would receive his payment in some days and he has not received his payment for a month or a month and a half, he has come to me to ask me why he did not get his money.

(English)

Mr. WILLIAMS: Is this for the supplementary payment last year?

Mr. MATTE: Yes.

Mr. WILLIAMS: If we can have the names I can get you the answer in very short order in respect of anybody who has made an application. There was a little hold-up for a while. This was associated with the fact that there was a change in fiscal years for the government. The supplementary payment was made under a vote of Parliament. This vote lapsed at the end of the fiscal year and it was necessary to obtain supplementary funds and supplementary authority. So some cheques were held up for a while, but these are going out again now.

Mr. MATTE: Fine.

The CHAIRMAN: Thank you, Mr. Matte.

Mr. DANFORTH: Is it my understanding that when we reconvene we will go immediately to the P.F.A.A.?

The CHAIRMAN: Yes.

Mr. DANFORTH: May I also indicate, Mr. Chairman, that when we get back on the stabilization board it is my intent to delve with some detail into the egg pricing structure and what has happened on the market. If Mr. Williams or anyone wishes to bring in an expert or someone familiar with this phase, I would like to indicate that this is my intent at the next meeting.

The CHAIRMAN: Fine. I know it is getting to be an inconvenience to some who are probably travelling to their riding because tomorrow is a holiday for



the House, but I would ask as many as possible to be here at 3.30 this afternoon for the P.F.A.A. Mr. Riddell is here and he has been patiently waiting now for two or three days, and we would expect as good an attendance as possible.

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AFTERNOON SITTING  
(Recorded by Electronic Apparatus)

THURSDAY, June 23, 1966.

● (3.30 p.m.)

The CHAIRMAN: I think we will start the meeting, which was called this afternoon to discuss the Prairie Farm Assistance Administration. Mr. Riddell, the director of P.F.A.A. is here, Mr. Bird, Mr. Williams, of course, and Mr. Parker, the director general, departmental administration.

I think we are now open for questions.

Mr. HORNER (*Acadia*): Perhaps Mr. Riddell is going to make a statement.

The CHAIRMAN: We just have the summary which you were given before.

Mr. HORNER (*Acadia*): I will start off with a question. Mr. Riddell, in making payments to a farmer farming in one or more townships, suppose he has more than the eligible acreage, how do you arrive at his payments? What I mean is; let us suppose you have three categories in one township. If his land in one township falls under the category of zero to three bushels and the payment is \$4 an acre, and the other falls in the 3 to 5 and the payment is \$3 an acre and the last one falls within the category of 5 to 8 and the payment is \$2 an acre. Supposing he has 400 acres, the maximum payable in the zero to 3 bushels township, does he get paid on that 400 acres or does he get paid on an average?

Mr. H. S. RIDDELL (*Director, Prairie Farm Assistance Administration*): Mr. Horner, he would get paid on that 400 acres and would be paid \$800.

Mr. HORNER (*Acadia*): In other words, you pay him the maximum amount possible?

Mr. RIDDELL: That is right.

Mr. HORNER (*Acadia*): And this is being done?

Mr. RIDDELL: I would say so, yes unless an error has occurred. We are only human.

Mr. HORNER (*Acadia*): This is what I understood it to be, but I questioned it really because of some of the things I have seen in recent years. But I will accept your word.

Mr. RIDDELL: If you know of any cases.

Mr. HORNER (*Acadia*): I have no specific case in mind.

Mr. RIDDELL: If you know of any cases and if you will refer them to me, I will certainly give them my attention, because this is the way we make payments.

Mr. HORNER (*Acadia*): There has been quite a bit of discussion, particularly in the Peace River area and in the Paddle River area with regard to flooding. I know you have gone into this, Mr. Riddell, but I am not particularly satisfied with the way in which the P.F.A.A. board has arrived at the eligibility of acreage that has been flooded out.

● (4.00 p.m.)

In taking into consideration acreage payments, generally, you will pay on what is called cultivated acreage whether it be seeded to tame hay or crops. Am I right?

Mr. RIDDELL: That is right. In making payments, we make them on cultivated acreage rather than on whether it is seeded to crops or whether it is seeded to tame hay or summer fallow.

Mr. HORNER (*Acadia*): Now the second question I would like to ask under this heading: Is the same thing paid in flooding sections?

Mr. RIDDELL: No, as far as the flooding section is concerned, the act very definitely sets out that if an area of cultivated land could not be seeded or summer fallowed in the year of award, owing to natural causes beyond—

Mr. HORNER (*Acadia*): Seeded or summer fallowed?

Mr. RIDDELL: Yes, this is our interpretation of the act.

Mr. HORNER (*Acadia*): This is in flooded areas?

Mr. RIDDELL: Yes.

Mr. HORNER (*Acadia*): Do you not think, in accepting or in interpreting the act in that manner, you are drawing two categories of cultivated land? Say, in one area where flooding is not a major problem, if a farmer grows tame hay and that hay may be in for five or six years, it may not be seeded the very year he collects payment on it, but if it is in an eligible area, he gets paid for it. Now, what you are saying is that if the cause of crop damage is flooding then he does not get paid. You are really making two categories of cultivated land, under the same act, are you not?

Mr. RIDDELL: No. Our interpretation of it, Mr. Horner, is this. The act says: If an area of cultivated land could not be seeded or summer fallowed. Now when you say cultivated land, that means vast land which is included in the definition of cultivated land, but which could not be seeded or summer fallowed in the year of award, owing to natural causes. This is the way we interpret it. This is the way it has always been interpreted.

Mr. HORNER (*Acadia*): Now you have me mixed up. An area that has been flooded, but is seeded to grass—and I am just clarifying my own position—the previous year or years, does it, or does it not receive payment if it is in an eligible area?

Mr. RIDDELL: Not if it is flooded, no.

Mr. HORNER (*Acadia*): Not if it is flooded?

Mr. RIDDELL: No.

Mr. HORNER (*Acadia*): But if it is in the dried out area, it does?

Mr. RIDDELL: That is right.

Mr. HORNER (*Acadia*): This is the point I am trying to make. In other words, you are classifying or reaching a different definition for cultivated land. The act says—you have in a sense two definitions for the word cultivated—flooded land that could have been seeded or summer fallowed. Am I right?

Mr. RIDDELL: The act says that if an area of cultivated land could not be seeded or summer fallowed.

Mr. HORNER (*Acadia*): I am a farmer and my particular land was flooded and it falls within an eligible area and it was seeded to grow grass, three, four, five or six years ago, but, that particular year, I had so planned my crop rotation that I wanted to summer fallow it that year but, because it was flooded, I could not. Now the act says, not be seeded or summer fallowed. Could I not inform you people of what was my intention and show you my crop rotation plans, which are always carefully drafted out?

Mr. RIDDELL: I am afraid, Mr. Horner, in answer to that question, if we were to apply the act on the intent of the farmers, if it was in flood, then we would have to use the same procedure in the case of crop failure and I am afraid we would run into no end of difficulties in connection with that. I think you will agree with me on that.

Mr. HORNER (*Acadia*): Certainly, you are going to run into no end of difficulties the minute you start to declare two categories of cultivated land.

Mr. RIDDELL: I was talking about the intent of the farmer.

Mr. HORNER (*Acadia*): But the act says, a flooded area that cannot be seeded or summer fallowed. Well, it is flooded in the spring so I cannot seed it. It is summer flooded in the summer, so I cannot summer fallow it yet, if it is grass land, I do not get a payment on it, according to you. Do you see the difficulty you are getting into? Because if that land is due to seed in the spring but it dries out by the end of August, and let us say that I realize that that land is going to call within a zero to three category, at the end of August it is dry, it would pay me \$4 an acre.

Mr. RIDDELL: It would pay you \$2 because you would only get half of that.

Mr. HORNER (*Acadia*): It would pay me \$2 an acre to get out on a plough and scratch that up a bit would it not? Then I could tell you people it was summer fallowed, and then could I qualify?

Mr. RIDDELL: If you called it summer fallow and qualified under acreage support, yes you would qualify.

Mr. HORNER (*Acadia*): You see the difficulty you are getting into?

Mr. RIDDELL: We realize the problem here, Mr. Horner, in connection with this.

Mr. HORNER (*Acadia*): It is a real problem, because you are trying to create two definitions for the word "cultivation". As soon as you do that, you immediately have to draw the line or make a differentiation somewhere. To my



mind, you are on pretty shaky ground because I can intend to summer fallow the back 40 any time it is flooded and I could get out there at the end of October and scratch around and claim it is summer fallowed. I have always taken exception to the position.

Any time an act or the interpretation of an act makes people do something that is not, shall I say, perfectly correct or perfectly honest, in order to collect a payment, I think then we should take a pretty close look at our interpretation. In other words, let us try to make it easy for all citizens of Canada to live within the law, or live within the act. And your making a dual interpretation of the word "cultivation" puts you on pretty shaky ground, because I can intend to summer fallow a piece of land any day of the week.

Mr. RIDDELL: I would not agree that we are taking a dual interpretation of the word "cultivation" inasmuch as we are referring to the flooded section of the act. It says if an area of cultivated land could not be seeded or summer fallowed. There it is.

Mr. HORNER (*Acadia*): Could not be seeded or summer fallowed. This is the point I am trying to make. If that same area was dried out, it gets the payment.

Mr. WILLIAMS: I think part of the trouble, Mr. Horner, is the fact that, under the definitions in the act, cultivated land itself is defined as land which, in the year of the award, was seeded to crop or was in summer fallow. In other words, it is not what it was the year previous. The year of the award, in the case you are speaking of, is the year—well let us take this year for example—it has to have been seeded or in summer fallow this year to be considered cultivated land. At the time it was flooded it certainly could not have been considered cultivated land, because at that time it was neither seeded nor in summer fallow.

Mr. HORNER (*Acadia*): You are taking a fairly narrow view of this. If I have 100 acres of cultivated land that has been cultivated for many, many years, that is cultivated land whether or not I let it lie idle this year because of flood or anything else.

Mr. WILLIAMS: I am not taking that view, the act takes that view.

Mr. HORNER (*Acadia*): You have a very narrow view of the act.

Mr. WILLIAMS: It says here that cultivated land means land that in the year of the award is seeded to crop or was in summer fallow.

Mr. HORNER (*Acadia*): All right then, Mr. Williams, if I seeded grass three years ago and then need it for acreage to qualify, how do they then make a payment on it if you interpret the act as narrowly as you do? In other words, if I have 350 acres of wheat and 50 acres of grass that was seeded three years ago, and it all falls within the category of zero to three bushels, I would get paid the maximum. I would get paid for that acreage in grass?

Mr. WILLIAMS: That is correct.

Mr. W. R. BIRD (*Director, Crop Insurance*): As long as the growth activity of the grass was maintained in the year of awards, this is another category. The definition goes on and includes land that was seeded to grass in any year if the

productivity thereof was maintained in the year of awards. In other words, if the productivity was not maintained then it would not be eligible, but if in the opinion of the administration, the productivity had been maintained, it would be eligible as cultivated land.

Mr. HORNER (*Acadia*): I think most grass in the crop report would be declared and the productivity would be certainly kept up.

Mr. BIRD: I think, Mr. Horner, you would agree that, generally speaking, in the areas of PFA, when you have it flooded, so that you cannot seed or summer fallow, the chances largely are that your hay crop is going to be all the better for the moisture. Now it might happen that you get your hay crop flooded to the extent that it cannot be harvested but, generally speaking, the hay crop would improve.

Mr. HORNER (*Acadia*): Well, this is true, but alfalfa will flood right out and you get no hay crop at all. If alfalfa lies under water more than two weeks, it is gone.

I want the board—

Mr. BIRD: Do you pay on that feed?

Mr. HORNER (*Acadia*): Well, if the fellow gets out there and scratches it, they would.

Mr. PETERS: Do you pay under the flooded acreage section of the act?

Mr. BIRD: Yes.

Mr. PETERS: You would not pay for this forage crop?

Mr. RIDDELL: Alfalfa is considered a grass, it is not considered a grain.

Mr. WILLIAMS: That is under the fodder section, it would be paid depending upon the acreage, I think you realize that this depends on what the total acreage involves.

Mr. HORNER (*Acadia*): Exactly, and we are assuming that the total acreage—

Mr. WILLIAMS: That he needs this to get up to the maximum, all right.

Mr. HORNER (*Acadia*): I think, through your answers, we have already established that there are two categories for cultivation for the determination of whether or not grass were determined as cultivation. Am I right?

Mr. BIRD: I would not go that far. We certainly do not interpret grass as being an eligible acreage on which payments could be made under flood.

Mr. HORNER (*Acadia*): I realize you do not, but this is the point I am trying to make. In not doing this, you are placing the board in a very difficult position, because they are determining or making two classifications for the word "cultivation" and two classifications for seeded grass land.

Mr. BIRD: On that point I will have to disagree. We do not place the board in this position. The board makes its own decisions about these things. And, incidentally, we have met the areas of difficulty all the time: we went to our

own legal advisers to take care of it. We were on reasonably sound ground on this and then referred the legal decision on these to the board.

Mr. HORNER (*Acadia*): I am not concerned with the legal narrow or the fine interpretation of the act. I am concerned with the practical application of the act. I do not like making farmers deviate. If my land was flooded out and I needed that 50 acres to get the maximum payment, you said earlier that if I got out there and scratched around in summer fallow even as late as the end of August, that would then qualify. The point I want to make, and which I want you to understand fully, is that you are putting yourself into a whole lot of trouble and making a very, very poor application of the act.

If it became generally known that farmers would just have to go out and summer fallow that flooded acreage, even if it was the end of August, they could then get paid as much as \$2 per acre for that fall ploughing, which is done very very often here in eastern Canada and used to be done quite a bit in western Canada although it is not being done too much any more.

Let us go back to the summer fallow and the intent to summer fallow. The act says: Flooded land nor seeded or summer fallowed. If I could not summer fallow it because it was flooded but I intended to summer fallow it, do you not see that your interpretation is on pretty shaky ground? Supposing for example, I have a 50-acre field of grass and 25 acres of it is flooded pretty badly. Let us say the whole 50 acres were flooded to begin with but, because the 25 acres was in lower land, 25 acres of it dried up sooner than the other. If I got out and I summer fallowed that 25 acres then, I suppose, I could claim that that land was all summer fallowed, because there would be nothing growing underneath that water. Do you see what I mean?

Mr. WILLIAMS: Yes, but for this situation to happen, surely one has to presume, Mr. Horner, that flooding is going to be followed by drought. The only way you can collect from summer fallowing, later in the year, is if your total yields are down because of drought or for some other reason. So I would think the situation is not too likely to happen. It could happen, I appreciate that, that flooding can be followed by drought.

Mr. HORNER (*Acadia*): I think that last year particularly, it did happen. It did happen along the Paddle River and it did happen along the Thames, and on the Peace River. I am not going to question you any further, I think I have made my point. I do not know whether or not you people would care to take another look at your interpretation. I certainly would like to think so because you are making farmers try and get around the act. I would rather see something clear cut, with one definition for the word "cultivation"; whether it be flooded out or seeded down or whether it be in a dry country or a wet country, I still think the word means about the same and that the payments should be made accordingly. It is really disappointing to see legislation interpreted so narrowly.

Mr. WILLIAMS: We will be pleased to review it, Mr. Horner.

Mr. RIDDELL: I might say one word in this regard. A few members of the board are farmers and they had all the relative information. I am quite aware of this area you are talking about and I think you became acquainted with one



of the members of the board too. They are all active farmers and they had all this information. They made the decision.

Mr. HORNER (*Acadia*): I know that, but they made the decision on the recommendation of legal counsel here in Ottawa. This is where I really question the wisdom of interpreting the act so narrowly, because the practical application of the act does not lend itself to two definitions of the word "cultivation".

Whether it is legally right under the act is not really for me or for any legal expert to decide, but how best the act can be applied. So consider the application of the act, one must go back to the original intent of the parliamentarians who passed it and I certainly think that in their original intent they never dreamed it would be interpreted so narrowly and that there would be two definitions set up for the word "cultivation".

Mr. WILLIAMS: I am afraid our difficulty Mr. Horner, in respect to this, is that when we interpret acts contrary to our legal opinion, we get into trouble with a gentleman called Mr. Henderson. What may be needed, and I assure you we are quite prepared to review this according to the needs, is a change in definition rather than interpreting it in the sense of the legal definition being the correct one.

Mr. HORNER (*Acadia*): I will be satisfied if you and your department take another look at this and, if the act needs to be changed, you are prepared to recommend that change.

The CHAIRMAN: Thank you, Mr. Horner.

Mr. PETERS: I notice that the amount of money spent over the year for PFAA has amounted to a little over double the previous which means that the consolidated revenue funds supplies more than 50 per cent of the payments made to farmers. Is this correct? Is it also true that the federal government pays all the costs of administration of the act?

Mr. WILLIAMS: That is right.

Mr. PETERS: What would this amount to in terms of the over-all payable accounts?

Mr. WILLIAMS: We will give you the figures in a moment.

Mr. PETERS: I would be more interested in the percentage. The reason I am asking this is that I notice the crop insurance administration is about 50 per cent federal and 50 per cent provincial.

Mr. WILLIAMS: Regarding administrative costs going back over the year, I think you will appreciate, from the nature of the statement made, that the number of inspectors varies very significantly, depending upon crop conditions during the year. Reading backwards from 1965-66, which was the last full year, the expenditure was \$805,000, \$1,106,000, \$715,000, \$774,000, \$1,180,000 and \$685,000. Those are the direct expenditures by the PFAA administration itself. This does not include costs of collection and so forth which are absorbed by agencies other than the PFAA. In other words, the cost of administration would be about a sixth of the amount taken in.

Mr. PETERS: The long term average year runs roughly \$20 million to \$22 million. The long term average cost of administration is roughly in the neighbourhood of between \$700,000 and \$800,000 a year.

Mr. WILLIAMS: If your statement is correct, Mr. Peters, then you are assuming an average collection, in a year of \$6 million, which is approximately correct and this runs somewhat under \$1 million. So, in effect, it is between a sixth and an eighth.

Mr. PETERS: In the area in which PFAA work operates, and I presume that is only the three prairie provinces,—

Mr. RIDDELL: And the Peace River district of British Columbia.

Mr. PETERS: —and British Columbia, is there a duplication in some of these areas of your coverage being duplicated under crop insurance under provincial legislation? For instance, in British Columbia, in the Peace River area, do they have a crop insurance program that will cover some area?

Mr. WILLIAMS: There is no crop insurance program in British Columbia and in the other three provinces where they have crop insurance programs, people who have a crop insurance policy, do not contribute to the PFAA fund. In other words, they do not contribute the levy and they are not eligible for assistance.

Mr. PETERS: Then it is not compulsory to pay the levy?

Mr. WILLIAMS: It is compulsory unless you are contributing to a crop insurance program and the crop insurance legislation provides the authority to exclude them from the levy and also from the benefits.

Mr. PETERS: What percentage of the farmers producing wheat, oats, barley, flax and rapeseed would be covered in Manitoba, Saskatchewan and Alberta?

Mr. BIRD: In Manitoba in this year's program, there are 13,000 farmers out of approximately 35,000. In Saskatchewan there will be 7,000 out of 90,000 and in Alberta there will be 4,500 out of 70,000.

Mr. WILLIAMS: That is 5 or 6 per cent. This is Alberta's second year.

Mr. FANE: Is Alberta increasing the areas of their crop insurance this year?

Mr. WILLIAMS: Yes.

Mr. PETERS: From what I know of, I would have thought it would be downright stupid to cover it with crop insurance when you could cover it with a 1 per cent levy. Why are people using the crop insurance rather than the PFAA?

Mr. WILLIAMS: The maximum benefits which can be arrived at under PFAA are \$800. There is no maximum essentially under crop insurance. Now I say there is no maximum, but obviously there is a maximum for any particular set of circumstances but, irrespective of the set of circumstances, there is a maximum of \$800 under PFAA.

Mr. PETERS: What is the maximum of the levy that can be collected on this \$800?

Mr. WILLIAMS: One per cent.

Mr. PETERS: One per cent of what?

Mr. WILLIAMS: Of the total returns.

Mr. HORNER (*Acadia*): Of grain sold.

Mr. PETERS: Therefore, the little farmer has a big advantage under the PFAA and the big one has no advantage. Is that right?

Mr. WILLIAMS: I would not say no advantage. Once the payment a farmer makes exceeds the total eligibility, obviously anything else he pays is going to benefit someone else, not him.

Mr. PETERS: In the operation of crop insurance, is there a duplication of people being employed to do the evaluating? Is it possible, in a given area, to have two sets of inspectors and adjudicators?

● (4.30 p.m.)

Mr. BIRD: The provincial government operates the crop insurance program sir, and they are all provincial employees. The PFAA evaluation, as you put it, or collection of yield statistics, is done by a federal staff.

Mr. PETERS: Has there been any federal attempt to do the evaluating for crop assistance? Why I ask is that if we are paying 50 per cent of the administration, I would think there may be some advantage to the provinces using the same people.

Mr. WILLIAMS: You ask if some consideration has been given. Yes, some consideration has been given but, as yet, we have not been able to develop any workable program. Irrespective of the fact that it is entirely possible these people might be helpful, these are seasonal employees, they are employed for a specific time on a specific job and then are released and are employed full time on PFAA work while they are employed. It is possible that their attributes and knowledge could be used at some future date but, because of the relatively new nature of the crop insurance, this has not as yet been done and I am not certain it will ever be done. It is not at all being discarded as an idea.

Mr. PETERS: What is the situation in Manitoba, Saskatchewan and Alberta respectively on the type of employee they use for the evaluation. Is this done by provincial employees? Are these inspectors part of their departments of agriculture on a permanent basis?

Mr. BIRD: They are normally part-time employees.

Mr. PETERS: In other words, they are hired somewhat the same as PFAA?

Mr. BIRD: They are hired in something of the same manner as a hail insurance company will hire their seasonal inspectors.

Mr. PETERS: Are the PFAA inspectors still hired on a political basis?

Mr. RIDDELL: If you remove the word "still" from that question, we will answer it.

Mr. PETERS: Well, I happened to be on the agriculture committee a couple of years ago and there was a great change taking place in the PFAA people



and I presumed this. Maybe I should ask the question: Have they returned to their original—

Mr. RIDDELL: No, they are not hired on a political basis, Mr. Peters. I can vouch for that.

Mr. PETERS: Do you disagree that they were, at one time?

Mr. WILLIAMS: I am not prepared to agree or disagree.

Mr. PETERS: I have one last question. I am not sure how close the PFAA administration is to the government, in terms of thinking, but are recommendations being made by the administration regarding the integrating of crop insurance administrative program to the PFAA in order to phase it out?

The CHAIRMAN: So they will not have the duplication and just have one organization.

Mr. PETERS: Are recommendations being made towards this end?

Mr. HORNER (*Acadia*): Do you want to do away with PFAA?

Mr. WILLIAMS: You mean to pay PFAA or to phase out the separate operation?

Mr. PETERS: That is right, so they can be both brought under one administrative operation.

Mr. WILLIAMS: There are no specific recommendations being made at present in respect of that.

Mr. PETERS: It seems to me that there is a duplication and that it appears to be growing.

Mr. VINCENT: Mr. Chairman, one is a joint program and the other is purely a federal government program.

Mr. PETERS: The duplication, Mr. Chairman, as I see it, stems from the coverage rather than the protection being provided to farmers with some government assistance in both cases. One third of the farmers in Manitoba are now under crop insurance and this has only been in operation a couple of years. The other has been in operation, I understand, for about 29 years. This is an indication that there is more advantage in the one kind of program than in the other. I think I should ask this the other way about: what is the advantage of maintaining PFAA in lieu of crop administration?

Mr. WILLIAMS: I think the simple answer to that is that, in certain areas, PFAA is to the benefit of the producers and, in certain other areas, crop insurance is to the benefit of producers.

I cannot speak of the government position on this but basically, the departmental position is that producers should be given the opportunity, over the years, to reach a decision themselves concerning which is the best for them. They have the opportunity under crop insurance. If everyone decides that they would rather have crop insurance rather than PFAA, then this will be the case. If, on the other hand, the other decision is made by the producers themselves, I presume that the two programs would remain.

Mr. PETERS: Mr. Chairman, I have always felt that PFAA was a much better program than that of crop insurance and, for this reason, should be extended to the rest of Canada. I am surprised at the number of people in Manitoba, which has a mixed farm population, who are turning fairly rapidly to crop insurance. I am curious as to why this should have developed when I was of the opinion that PFAA was a pretty advantageous operation.

Mr. WILLIAMS: I think I could state it very simply in this way. The maximum coverage that was available under PFAA last year, or any other year, is \$800. The average payment that was made, I think in recent years, is something roughly over \$300. The average coverage under crop insurance is better than \$2,000. So that if a man loses a crop under crop insurance, he has a great deal more coverage than he does under PFAA.

Mr. PETERS: But his premium is much greater to.

Mr. WILLIAMS: There is no argument about that at all, Mr. Peters.

Mr. PETERS: Why have we not considered upping the \$800 to a maximum of \$2,000 particularly in light of the fact that in 29 years, obviously farms have increased in size and that probably they have doubled. There would be an indication that probably the maximum should be \$1,600 at least. Why have we not given consideration to this aspect? In other words, we were protecting, at one time, a half section and now we are probably protecting a section or more. Why have we not been asked to amend this legislation to give a more realistic coverage?

Mr. WILLIAMS: I think this has been considered on many occasions and I think that the farmers of Canada, in submissions and representations they have made, have essentially rejected the idea that the benefits should be increased if it involved increasing their contribution.

Mr. PETERS: Yes, but we look at the fact that the levy has brought in \$6 million and the average annual payment, without the administration, is \$13 million. For every dollar you spend you get two back; that is a fairly satisfactory arrangement.

Mr. BIRD: Essentially, I think this is true, Mr. Peters, that if you increase the coverage or the protection under PFAA, it naturally follows that you have to increase the farmers' contribution, as well as possibly the federal contribution.

Mr. PETERS: Is it not true that out of this increased acreage that the farmer would be shipping twice as much grain now as he did previously?

Mr. WILLIAMS: Well then, he is paying twice as much.

Mr. BIRD: This will provide additional help for the small farmer. It would follow that the farmer would have to have his contribution increased. There are areas in western Canada, very considerable areas, which have been paying into PFAA for 25 years and have not received any payments or probably payments in only one or two years. If you were to increase the contribution of the farmers in those areas by raising the levy to 3 or 4 per cent, they would create quite a disturbance about this. They would not be very happy about it. If

you wanted to remedy that situation you would have to establish areas and levels for each one and this, essentially, is crop insurance.

Mr. PETERS: Have we not done that with crop insurance? Have we not established areas for crop insurance payments? The premium is not equal across the province is it?

Mr. BIRD: This is true and, while we are not constitutional lawyers, there is an area here where it ceases to be a provincial matter and becomes a federal matter under federal jurisdiction. When you get into crop insurance, we are told that this, basically, is a provincial matter.

Mr. PETERS: I will pass now, Mr. Chairman, but I still think there are fields in this which, if explored, could be extended to other provinces and change the concept of both crop insurance and PFAA. From my point of view, there is a duplication and there is also a philosophy in PFAA that could be extended to advantage to other parts of Canada. If we had a method of collecting our levy on the products sold, it would be a better way of insuring than covering under the crop insurance now available to mixed farmers.

The CHAIRMAN: Mr. Olson, you are next.

Mr. OLSON: Mr. Chairman, I want to say, at the outset, that I believe the total cost of PFAA, over the 27 or 28 years it has been in operation and divided over the large number of farmers in the three prairie provinces, who have at least had it available to them in the event of a crop disaster or complete crop failure, is probably one of the cheapest forms of crop insurance any country in the world has ever devised, taking into account the contribution of both the farmers and the federal government. I certainly hope that, not only the government, but the department and all others who are concerned in the transfer of part of this area from PFAA coverage to crop insurance coverage, will move cautiously, at least to the extent that we see that crop insurance which, as far as I am concerned, is only in the pilot project stages in many areas proves satisfactory, because—

An hon. MEMBER: Alberta and Manitoba.

Mr. OLSON: Well it may be, but it is still less than 50 per cent on the farmers who are even eligible to take out crop insurance in Manitoba, where it has been under way for several years. From some of the information I have received from Manitoba, I understand it is not completely satisfactory to all of the farmers in those areas, even after these experimental years. I only say that because I think that with 27 years of PFAA experience, and the amendments and changes and so on, that have taken place, we had better not throw away something that is useful and valuable until we are certain that some new method is going to satisfactorily replace it.

Mr. CHAIRMAN: I would like to turn to some of the recommendations made by Commissioner Pope when he filed his report on December 21, 1963 and to deal with the last one first, where he recommended that consideration should be given to placing the permanent staff of the PFAA under the Civil Service of Canada or what would now be termed the Public Service, under the new bill. Has anything been done to place the staff under the permanent Public Service of Canada?



Mr. WILLIAMS: No action has been taken in respect of this, Mr. Olson, since this requires an amendment to the act.

Mr. OLSON: It requires an amendment to the P.F.A.A. act?

Mr. WILLIAMS: Yes.

Mr. OLSON: We will then have to await action by Parliament then?

Mr. WILLIAMS: That is correct.

Mr. OLSON: Then, recommendation number 3, where he recommended that consideration should be given to the feasibility of securing reports through the secretaries of municipalities affected by the crop failure. I think he went on to recommend that P.F.A.A. administration should provide some reasonable financial reimbursement to these municipalities for doing that. Has this been explored?

Mr. WILLIAMS: No, we have not taken any action in that regard.

Mr. OLSON: I know no action has been taken, but I was wondering if there had been any studies on what Mr. Justice Pope said, feasibility. Has there been any survey made to see how it works?

Mr. WILLIAMS: No, we have done no survey.

Mr. OLSON: The other recommendation is the method in which reports are obtained and received under the act and regulations. He suggested greater care should be taken in investigating and checking the accuracy of these crop reports. Has some amendment or changes in the actual way of doing this been taking place since that?

Mr. RIDDELL: Yes, since this report has come out, Mr. Olson, we have what we call our field audit staff under a special investigator, who is a permanent member of our staff, and he then has a staff and goes into the field, picks out cultivated acreage reports already taken in various checking offices throughout the area inspected and goes back and checks the acreages and checks the bins to see that the inspector has done a good job and to see that the farmers have given the correct information.

Mr. OLSON: Is this done on a spot check basis?

Mr. RIDDELL: Yes, a spot check basis.

Mr. OLSON: What would motivate you to select a spot? I am not trying to find out why you would select one certain township or another, but would there be something in the reports to indicate that it warrants a re-check or a re-investigation?

Mr. RIDDELL: We have a method of collecting reports. We have what we call a checking office in the field and that checker would be in charge of from six to eight inspectors. Then the supervisor is in charge of that checker in the checking office. If he has reason to believe, while checking these reports every day, that the reports from that area may be not correct, then he will call in the field audit staff and they may go into that area. They can go into any area they feel that is necessary.

Mr. OLSON: I see, but are you, as a basis of policy, going to go into perhaps different areas every year and make a re-investigation on whether irregularities show up in the crop report or not?

Mr. RIDDELL: If we find irregularities—

Mr. OLSON: I understand that, in that case, you would automatically go back.

Mr. RIDDELL: Yes.

Mr. OLSON: But is there going to be more or less regular determination to go back to certain areas and, as I said, different areas in different years, to check out the accuracy of a group of crop reports, whether or not you find what might be termed irregularities?

Mr. RIDDELL: I think it is a good practice to follow, in order to make sure we are getting these correct reports.

Mr. OLSON: What I am asking you, Mr. Riddell, is whether or not this is the policy of the administration now?

Mr. RIDDELL: Yes, it is.

Mr. OLSON: You have already begun to do this?

Mr. RIDDELL: Two years ago we started doing this and we intend to do it again this year.

Mr. OLSON: I think that is all for now, Mr. Chairman.

Mr. SOUTHAM: One of my questions has been covered by Mr. Olson and the witnesses, respecting the bringing of administrators in P.F.A.A. under the Civil Service Act. I remember this came up for discussion on several previous occasions.

Mr. WILLIAMS: If I could interrupt here and add something to the evidence I gave a moment ago about requiring a change in the act. I have just been informed by Mr. Parker that there is a possibility, under the new Civil Service Act, that it may not require an amendment to the act. However, this matter has not yet been fully investigated.

Mr. OLSON: I have not looked at the P.F.A. Act recently, but was there a requirement in that act which laid out the conditions for the hiring of all of the staff?

Mr. WILLIAMS: Section 90 of the act says:

The governor in council may appoint such officers, clerks and employees that may be deemed necessary for the official administration of this act and such officers, clerks and employees shall hold office during pleasure and receive such salary or other remuneration as may be fixed by the governor in council.

Mr. OLSON: And under the new Public Service Act it would supersede this part of this act?

Mr. WILLIAMS: I am not certain of that, Mr. Olson. There is a possibility that it may.

Mr. OLSON: I have one final question of Mr. Riddell. How much of the staff and at what level would they come into this new public service and where would there be based what you would call part time employees? They would not be given civil service or public service status?

Mr. RIDDELL: No.

Mr. OLSON: Would it be only the field inspectors who would be excluded?

Mr. RIDDELL: We have a staff of 58 people now and they would be covered under this, but not the field inspectors. They are what we call casual help. That does not include field checkers or the field inspectors, but it would include the supervisors in the field, the Edmonton office staff and the Regina staff.

Mr. OLSON: What about the other field officers, such as the one you have in Hanna? Would any of those employees be included?

Mr. RIDDELL: The supervisor. He could be what we call a permanent member of staff. He is on a year round basis and he is working 12 months of the year for us.

Mr. OLSON: Thank you.

Mr. SOUTHAM: I am glad this problem is under consideration because I have had the privilege of knowing and meeting a great many of the people who carry out the administration of P.F.A.A. and, as you say, they are permanent. I think their future security should have serious consideration with respect to bringing them under the Civil Service as far as pensions and so on are concerned.

The other question I have is similar to the one introduced by Mr. Horner a few minutes ago, only I would like to refer to the heavy demand which has been made on P.F.A.A. in recent years for compensation through hail damage. Here, again, is a particular problem where, due to this vicissitude of nature where hail comes in and sort of hits and misses, it makes it difficult sometimes to set up the areas, as far as the giving of benefits is concerned. Dissatisfaction has been emphasised recently, due to the fact that Mr. Woolliams, the member for Bow River, has introduced a private members' bill into the House as an amendment to the present P.F.A. act. Mr. Riddell, would this assist you people in administering this act or is this encroaching on the field of crop insurance, for instance? I am just wondering what stand we should take on this.

Mr. RIDDELL: You are referring to the bill of Mr. Woolliams?

Mr. SOUTHAM: That is right.

Mr. RIDDELL: I have read the bill and given it some study. I am not too sure just what he means on a lot of these things. The intent of the Prairie Farm Assistance Act is that it is paid on an area coverage basis, whereas I notice Mr. Woolliams, in his bill, refers to the payment of an award on the basis of the farmer's unit. Whether he means a quarter section or a section of land is not clear as far as I am concerned. Therefore, I do not feel that I am in a position to pass too much judgment on it.

My first impression of it is that it is very difficult to interpret because, as far as the administration is concerned, from the standpoint of hail and drought, it is very difficult to establish what is the actual cause of crop loss in some of



these areas, particularly in a dry year. If you have a hail storm or if you have grasshoppers or drought, then you get a hail storm on top of it. All these things must be taken into consideration.

Mr. SOUTHAM: I appreciate your difficulty in processing these applications, particularly when damage is due to hail damage and I believe this is a fact. I am trying to be helpful here. You have had a great deal of experience in administering the act in respect of all these damages but, with particular reference to hail, have you any suggestions to make which might assist in modifying or improving the act? I agree with the previous comments that P.F.A.A. is going to be here for some considerable time yet.

Mr. RIDDELL: I do not think I am in a position to make any comment in that regard at the present time. All I can say is that we have made submissions for amendments to the act from time to time since I have been director. That is as far as I can go in this connection.

Mr. OLSON: I have a supplementary, Mr. Chairman. Have you given any consideration to how much additional cost would be involved in trying to set up P.F.A.A. awards on an individual farm experience, rather than on the 12 sections required now?

Mr. WILLIAMS: I would think I would have to say this; we have done quite an exhaustive study on the costs and possible returns to farmers of various amendments to the act. These have been done on the basis of historical data collected, one difficulty being that the data was collected under a certain set of circumstances, namely those prescribed by the act and, to try to superimpose another set of conditions or circumstances on that, may be misleading. However we have done this and we have been able to develop certain figures in respect of anticipated costs and benefits from different types of changes in the act or the regulations or in the methods of administering them.

Mr. OLSON: Have you any figures of what it would cost to administer this on the basis of a single farm experience?

Mr. WILLIAMS: When you say the cost of administering it, you are referring to the total cost to the government, not just the cost of administration I take it, Mr. Olson? The cost of the awards?

Mr. OLSON: I do not want to encroach on someone else's time, but it does seem to me that the cross cost of administering, never mind the awards that are paid, would increase substantially, because of the extra detail required to find out the cause of the loss and whether that kind of a loss was provided for in the regulations.

Mr. WILLIAMS: I am afraid I mislead you then, Mr. Olson. We looked at it from the other standpoint, not the actual cost of administering it, in the exact sense of the word, but we looked at the total cost of the program under different types of systems of awards.

Mr. OLSON: I would be interested in that figure, if it is convenient. If it is not, I will get it some other time.

Mr. WILLIAMS: I am afraid we do not have it with us right now, but we will be glad to provide it.

Mr. CLERMONT: Mr. Chairman, do the officials have the annual figures available for 1963, 1964, 1965 on revenue for the 1 per cent levy and, for the corresponding years, the payment made under that act?

Mr. WILLIAMS: In the crop year 1962-63, the levy was \$8.6 million, in the following year it was \$10.7 million and the next year it was \$10.5 million. I am rounding these figures to the nearest decimal place. The payments in the corresponding years were \$15.5 million, \$9.7 million and \$12.6 million.

Mr. CLERMONT: For the same years, do the official have the amount paid for those who were unable to seed or summer fallow?

Mr. WILLIAMS: This includes all awards.

Mr. CLERMONT: According to the act, the municipalities are responsible for making application to the administration. Is the decision of the administration final or can the municipality make an appeal if they are not satisfied?

● (5.00 p.m.)

Mr. RIDDELL: The municipalities can appeal, as they make the original application. If they indicate to us that an inspection is necessary by reason of having an estimated 8 bushels less per acre, we go in and inspect it. They must send that into our office by September 15 each year, but we also give them an opportunity up until sometime in November to amend the estimated yield in case they have over estimated it.

Mr. CLERMONT: Supposing the final decision of the administration is not satisfactory to the municipality?

Mr. RIDDELL: After the reports have been taken you mean? The board decides then whether or not it is eligible and their decision is final.

Mr. FANE: Mr. Chairman, I am sure the director and Mr. Bird, are worried in case I am going to talk about our 1964 difficulties all over again, but I am going to fool them because I am not. I want to go on from where Mr. Horner left off, with regard to flooded areas. As both the director and Mr. Bird will remember, a few years ago there were about 25 townships in my constituency which were flooded entirely all spring and summer. They had 35 inches of rain that year in an area where the normal is somewhere around 8 inches. That is the area around Thorhild, Redwater; you know the area well. The farmers were not able to sow wheat on their summer fallow, according to the awards that were made. You say here; "in addition, special provision is made for payment at the rate of \$4 per acre in certain areas where farmers are unable to seed or summer fallow lands because of natural causes beyond their control". I maintain that those people should then have been eligible for payment on that land. Thousands and thousands of acres were summer fallowed one year. The next year this inordinate rain happened and they were not able to sow more than 10 per cent of the summer fallow that they had from the year before. They could not do anything on it and they got no consideration for that. I am sure Mr. Bird, at least, remembers the occasion.

I think they were unjustly treated at this time. That was four years ago.

Mr. BIRD: I am sorry, Mr. Fane, I must confess I do not recall the details of that. There have been so many more in the interval, I suppose—

Mr. FANE: That is right. Do you not think they should have received consideration on that?

Mr. BIRD: I would not express an opinion without looking at the account of it.

Mr. FANE: I think, in cases like that, the yield they got from say the 10 acres should have been spread over the whole 100 acres they did not sow and that would have made the whole area eligible.

Mr. BIRD: I can see where there is some merit in giving this type of consideration to a farmer, but you immediately leave yourself open to everyone saying: I intended to seed 200 acres where, in fact, they only seeded 1 acre and thereby reduced the acreage.

Mr. FANE: But this is not a case where it was said: I intended to. The land was summer fallowed from the year before. It takes two years to get a crop off summer fallow and I think this yield should be considered as a yield from two years.

Mr. BIRD: As I understand it, and I just want to make sure of this, you are contending that, in this case, a farmer who had 100 acres summer fallowed and was only able to seed 10 of it should have had the yield off that 10 acres averaged over his 100 acres he intended to seed?

Mr. FANE: Exactly that. I think that is the only fair way because he got no crop off the summer fallow the year before. It took two years and that was two years it was out of crop and the next year he was not able to do anything with it, even in the fall of that year. They were lucky to even get the 10 acres or so that they seeded for 100 acres.

Mr. BIRD: The 10 acres actually yielded well above 8 bushels per acre in this case?

Mr. FANE: That is for sure. They probably got 25 or 30 bushels. That is all they were able to get, though, about one tenth of the land they had summer fallowed.

You cannot say, in that country, that a farmer had to express intent that he was going to sow wheat on his summer fallow, because 99 per cent that is what summer fallow is for.

Mr. BIRD: Well, I would suggest then, that if we were going to follow your suggestion, we could do it only through an amendment to the act.

Mr. FANE: Could you make inquiries and see about an amendment?

The CHAIRMAN: I think, Mr. Fane, that the Committee has the power to make recommendations if they so desire. It could be considered when the Committee is summing up.

Mr. FANE: Since I am not legally a member of the Committee, will you undertake that, Mr. Chairman.

The CHAIRMAN: There is nothing to stop you from making that suggestion.



Mr. FANE: There is something more I would like to suggest that I hope the Committee will recommend. In order to be eligible, sections should not have to join the block by the sides, kitty-corners ought to be good enough. They are connected and, in that way, sections where the yield is more than 12 bushels, can be cut out, as is the custom now, without cutting out other sections. If they join cornerwise that still makes them part of a block and, believe me, this business of having crop failures in rectangular blocks is pretty naive, because crop failure does not come in rectangular blocks, it comes in various other shapes. If, to be eligible you have to have all the sections then I think they should be able to be connected in any way and I think that the number of sections should be cut down from 12 to 6. That is my recommendation.

Mr. CHOQUETTE: I have a supplementary recommendation. Suppose the Committee decides to organize a trip, I would strongly recommend that our friend be invited, even if he is not a member of this Committee.

The CHAIRMAN: We will take that into consideration.

Mr. HORNER (*Acadia*): I have a couple of supplementaries and then I have a few questions of my own.

Following up Mr. Fane and the kitty-corner.

The CHAIRMAN: Could you explain what kitty-corner means?

Mr. HORNER (*Acadia*): Well, when you are milking a cow you milk one front teat and one back teat, they are kitty-corner to one another. I think everybody quite understands what kitty-corner means. Were sections ever considered this way in the past?

Mr. RIDDELL: Yes.

Mr. HORNER (*Acadia*): If it was done, why and when was it stopped?

Mr. RIDDELL: In 1962 it was done, Mr. Horner.

Mr. HORNER (*Acadia*): It has been stopped ever since then?

Mr. RIDDELL: In 1963 we were advised by legal opinion that it was not within the intent of the act.

Mr. HORNER (*Acadia*): What does the act specifically say in this regard? Does it say they must be lying adjacent to one another?

Mr. RIDDELL: Notwithstanding anything in this act where a section of land, or a settlement or river lots in the group declared to be a township for the purpose of this act where a block of sections or a settlement or river lots in one or more groups having a side that lies along the boundary of an eligible township is determined by the board to have an average yield of 8 bushels of wheat or less per acre, is eligible for an award as though it were a complete township.

Mr. HORNER (*Acadia*): That is for one laying aside an eligible area. I am talking about determining the eligible area, to start with. Does the act say specifically that 12 sections must be in a rectangular block?

Mr. RIDDELL: Well, getting to the rectangular block portion of it, then that is another section of the act where the whole eligible township does not qualify,

then the minimum area that we can pay on is a rectangular block of one third of a regular township which is 12 sections. This section 6A is what we hook onto an eligible township. This is what you are referring to, I believe. It says a block of sections and that has been determined as meaning that it must lie along the side of.

Mr. HORNER (*Acadia*): In the period 1962—

Mr. PETERS: As a supplementary question, could I ask why you got this legal opinion in 1962 or 1963?

Mr. RIDDELL: Because this is a practice which had been followed in all previous years.

Mr. PETERS: There must have been some reason. You do not ask for legal opinion about something you were doing before.

Mr. RIDDELL: The point was raised concerning the legality of the particular practice which was being followed.

Mr. PETERS: By whom? I am curious about how this was raised.

Mr. RIDDELL: It was raised within our own administration and within the department, whether or not we were following—

Mr. PETERS: It must have been a specific case.

Mr. RIDDELL: No, I do not think it was. It was just a matter of how we should interpret this section of the act.

Mr. HORNER (*Acadia*): In the years it was done, did you find that the act was easier to apply?

Mr. RIDDELL: Do you want my opinion?

Mr. HORNER (*Acadia*): Yes, I want your opinion.

Mr. RIDDELL: I felt that when it was done, we were getting to more farmers who should have been paid than by following the other system. I felt there was a much more fair reasoning to it.

Mr. HORNER (*Acadia*): That is fine. I will not question the kitty corner bit any more. I think with your statement in that regard, this Committee should be prepared to recommend a change in this regard.

To go back further to the flooded question. Supposing I summer fallowed the land—as a number of farmers had—for a year and then flooded the following year, would you make payment on that? In other words, would it be classified as cultivated land and be eligible if it fell within an eligible area?

Mr. RIDDELL: I do not know what I can answer that question. I would have to know the—

Mr. HORNER (*Acadia*): But it is a good example of the difficulty in which you find yourself in the narrow interpretation of the act when outlining two definitions of the word cultivation. Am I right?

Mr. RIDDELL: We realize that this section of the act is difficult to interpret.

Mr. HORNER (*Acadia*): I will not proceed with that any further.

Mr. PETERS: I would like to ask how you get this information for interpretation?

Mr. RIDDELL: The board interprets that.

Mr. HORNER (*Acadia*): In determining an eligible area and whether or not a section of land is eligible, you use the wheat acreage and the wheat yield, do you not? I have not got it before me but I read the act over on this question very very carefully and I cannot see why oats and barley cannot be converted to wheat in interpreting the eligibility of a section or a township. Would you care to comment on why they are not used and converted to wheat under the act?

Mr. RIDDELL: Under section 2(b) of the act it says: "If the average yield of wheat in the township" wheat is used as the yardstick in all cases. In the regulations the act goes on to state: "where less than 10 per cent of the seeded acreage to grain in the township is sown to wheat, the yield of rye, oats, barley, flax or rapeseed, whichever predominates, shall be used at the index for the purpose of determining the eligibility of the township. I think the act is quite clear on that.

Mr. HORNER (*Acadia*): Let us suppose a section is considered and there is no wheat seeded to the section, what do you do in that case?

Mr. RIDDELL: Within an eligible township?

Mr. HORNER (*Acadia*): And it may be lying alongside an eligible township.

Mr. RIDDELL: And the yield is?

Mr. HORNER (*Acadia*): Say the yield is low in oats and barley.

Mr. RIDDELL: If it is a wheat township, then we cannot set up a coarse grain block in a wheat township. Wheat must predominate.

Mr. HORNER (*Acadia*): Let us take for example the Red Deer area, which grows coarse grain predominately, and coarse grains have a 1 per cent deduction, of which I think the Committee is well aware, do you not feel that a fair application of the act could be made if oats and barley were converted to wheat. The act sets out that there shall be 2 bushels of oats equal to one bushel of wheat and I think  $1\frac{1}{2}$  bushels of barley is equal to a bushel of wheat. Do you not think there should be a conversion in determining eligibility of an area, particularly in an area which is predominately a coarse grain area?

Mr. RIDDELL: Well, if it were predominately a coarse grain area then, of course, wheat will not be the yardstick, the predominant coarse grain would be used as the yardstick for determining this.

Mr. HORNER (*Acadia*): I am well aware of that, but supposing there is a little bit of wheat seed, then that sets it all off, that fouls it all up. What I am saying is that we should take the wheat into consideration, but we should also convert to oats and barley and get a true and accurate picture of the yield. Am I not right and would not this be a fair application, rather than let 11 per cent acreage of wheat rule the whole area, and this is what will happen. Would it not be fair if these others were converted? It would not really take that much more arithmetic.



Mr. BIRD: I would not be opposed to that idea, Mr. Horner. There are obvious difficulties with oats, particularly as a lot of farmers do not cut all their oat crop and, as you know so well, they keep a lot of it for grain feed, and so on, and it becomes a little difficult to determine what those yields are. I suppose you could work out equivalents there too, but there are some obvious problems.

Mr. HORNER (*Acadia*): But it would be a fairer application in certain areas. Thank you, Mr. Bird.

With regard to determining an eligible township and whether or not the township or the area has below an 8 bushel yield, do you take out the 12 bushel sections first before determining the eligibility of the township or do you do it after?

Mr. RIDDELL: No, after.

Mr. HORNER (*Acadia*): Would it not be better if you took them out first? I will go back to my other definition. Would the act not apply more fairly to all farmers, if we took out the 12 bushel sections first? I will go on to explain myself. Then the remaining section may well fall within a lower category. Am I right?

Mr. BIRD: They do, anyway, because we take them out afterwards.

Mr. RIDDELL: Before we pay, we take them out.

Mr. BIRD: Before we pay, in determining the category of payment, Mr. Horner.

Mr. HORNER (*Acadia*): So, you take them out then?

Mr. BIRD: Certainly.

Mr. HORNER (*Acadia*): But you do not take them out before you determine the eligibility of the township?

Mr. RIDDELL: That is right.

Mr. HORNER (*Acadia*): Let us follow that up for a moment. If you did take them out, would you not get more eligible townships from the eligible area?

Mr. BIRD: I think that stands to reason.

Mr. HORNER (*Acadia*): It stands to reason it would.

Mr. BIRD: That is, completely eligible townships. This way we probably have more blocks because they get covered by a block very often when the township is not eligible.

Mr. HORNER (*Acadia*): Yes, you could cover it by a block, but if there is a section sitting kitty corner to that block, a farmer is out of luck, and yet he sows in that township.

I am not going to pursue that question any further. I think I have made my point and I hope that, in your recommendations to the department and to the Minister, you would consider the feasibility of applying the theory that I have expressed.

One further question. Mr. Chairman, I do not know what your ruling is. Are we going to sit this evening or are we going to be through with Mr. Riddell this afternoon?

The CHAIRMAN: I think if we could finish now, it would not be necessary to sit this evening.

Mr. HORNER (*Acadia*): I will be co-operative and I will just ask one more question. It will not be necessary for the Committee to sit this evening.

With regard to the 1 per cent levy, is it taken on rapeseed? Is it taken on flax and mustardseed too?

Mr. RIDDELL: Not on mustard.

Mr. HORNER (*Acadia*): And on all other grains, the 1 per cent levy is taken?

Mr. RIDDELL: That is right.

Mr. HORNER (*Acadia*): In determining cultivated acreage, do you consider rapeseed as cultivated acreage?

Mr. BIRD: As seeded to a crop.

Mr. HORNER (*Acadia*): You are aware that the Wheat Board does not consider rapeseed acreage as an acreage in which one could sell quoted grain on.

Mr. BIRD: I am not familiar with the Wheat Board acts, but the P.F.A. act says you do.

Mr. HORNER (*Acadia*): There is an interesting differentiation between the two acts. We are all basically farmers and you would think we could iron that one out. I will forego any further questions, Mr. Chairman.

Mr. STEFANSON: Some of the questions I had intended to ask have already been asked so I will be quite brief. Even though crop insurance has been made available to the provinces, do you feel that P.F.A.A. will be needed for the foreseeable future?

Mr. BIRD: Do you want my personal opinion sir?

Mr. STEFANSON: Yes.

Mr. BIRD: I agree with that stand.

Mr. STEFANSON: When Mr. Olson made his remarks, he referred to crop insurance and—

Mr. HORNER (*Acadia*): He just came in and asked a few questions and then left—a very terrible thing.

Mr. STEFANSON: Well, he referred to crop insurance which, of course, has not been advanced much in Alberta or in Saskatchewan. The only province that has really made a stab at it, or a worth while effort, is the province of Manitoba. They have pioneered and been the leaders in promoting crop insurance. Crop insurance has to be sold, it does not automatically sell itself. Throughout the area I represent—and I think I represent one of the most interesting areas in Canada, namely, the Interlake area—farmers are sometimes flooded out, sometimes it is too dry. They get their crop in late and then they have early frost and they have all the elements to fight that you would have anywhere in Canada. They have always said to me that P.F.A.A. should be on an individual basis. Of course that is crop insurance. They have always felt that the qualifying area is too large, because they are hit by maybe a hail strip here or

an early frost which settles in pockets and does not take the whole township. Many farmers have really nothing, but yet the township does not qualify because there are enough who have above that yield. This is a very distinct problem in the Interlake area.

Mr. BIRD: In this connection, Mr. Williams said that we had carried out studies in the department and this is one of the things we are studying. In fact, we have done quite a bit of work on it. We have been under the impression that it was the general desire of farmers and farm organizations, that P.F.A.A. operate on an individual farm basis. We got a bit of a surprise this spring, in March, when the Saskatchewan Association of Rural Municipalities introduced a resolution supporting this idea of the farms being considered on an individual basis and this was defeated on the floor of their convention.

Mr. STEFANSON: I realize this is a difficulty. I wanted to ask one other question: You are probably aware that the waters in Lake Winnipeg have reached an all time high and that a considerable amount of farm land is being flooded along Lake Winnipeg today. Quite a lot of this is cultivated land. I do not know whether they have any crops in or whether it was flooded before they could even get their crops in, but it is going to get worse, because the lake always rises until at least August. Therefore, there may be other lands flooded that are not flooded now. In this particular area that is already flooded, and if there was summer fallow and so on and the farmers did not get their crops in, will they be able to qualify for P.F.A.A.?

Mr. RIDDELL: If they feel they have an area there that is flooded and they make application to us by July 15, why we will go in and inspect the area and if we can come up with an area of flooded land that qualifies under the flooded section of the act, which is required, then they could qualify for assistance under that section of the act.

● (5.30 p.m.)

Mr. HORNER (*Acadia*): I have a supplementary. What if they do not make application by July 15?

Mr. STEFANSON: It is September 15.

Mr. RIDDELL: No, under the flood section of the act, it is July 15.

Mr. HORNER (*Acadia*): What if they do not make application by July 15 through negligence?

Mr. RIDDELL: We cannot accept the application then, under the flood section of the act.

Mr. BIRD: I might say, sir, that under exceptional circumstances in the past, I can give you an example, of a municipal secretary dying and the whole office routine close to the deadline being thrown into confusion at that time. There was no application made prior to the deadline. Under those circumstances, a special order in council was passed.

Mr. STEFANSON: We hope nothing like that will happen.

The CHAIRMAN: Only extreme conditions would warrant it?



Mr. BIRD: Under an extreme condition of that kind.

Mr. HORNER (*Acadia*): Why does the act specify July 15? Why was that date arrived at? Why not make it August 15?

The CHAIRMAN: Why would you want it extended, Mr. Horner? They would know by then that they were not going to plant.

Mr. HORNER (*Acadia*): They might not know; a lot of crops could still be seeded.

Mr. STEFANSON: I can give you an example in Manitoba. This goes back two or three years when they had a terrific heavy rain in early August which wiped out a whole area near the Stony Mountain area. The water ran over the highway. So I think there is some merit in changing this date.

Mr. RIDDELL: Did it destroy a standing crop?

Mr. STEFANSON: The crop was seeded.

Mr. CHAIRMAN: That was defined as summer fallow.

Mr. RIDDELL: Then the regular provision of the act would cover that.

The CHAIRMAN: You were specifically speaking about summer fallow before, were you not, Mr. Stefanson.

Mr. STEFANSON: Yes I was. Those are all the questions I have, Mr. Chairman.

Mr. PETERS: May I ask a supplementary, Mr. Chairman. Does the board back check on P.F.A.A. payments by utilizing figures from the Wheat Board and grain agencies?

Mr. RIDDELL: Occasionally they do.

Mr. PETERS: Is this an audit kind of control that is done periodically?

Mr. RIDDELL: Our inspector checks the permit books as they take reports from the farmers and the amount of deliveries they have made.

Mr. PETERS: What do the officials do all winter?

Mr. RIDDELL: It takes some time, Mr. Peters, to collect these reports. It takes possibly a month to collect reports in the field, from the time they start in the field until a township is completed and then it is required to come into our office, it is then processed and it will be another six weeks, at least.

When you get into the Peace River area you get into a late harvest, such as last fall when it rained all during September and the crop was not off until the end of October. We cannot do any inspection work until all the crop is harvested. Then you get into November, when there is one or two feet of snow, and so on, when we have a lot of difficulties. The farmers in the Peace River district go out to work in the oil fields in the wintertime and then we cannot get that township completed until we can contact that farmer and get his report. So, on this account, a lot of these payments are not made until February or March.

The CHAIRMAN: I would like to thank Mr. Riddell and Mr. Bird for being here, especially Mr. Riddell for waiting so long before he appeared before the Committee. If there are no other questions I think that we will have a motion cancelling tonight's meeting.

It is moved by Mr. Clermont and seconded by Mr. Peters.

Motion carried.

We will meet Tuesday morning at 9.30.





OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations  
and/or a translation into English of the French.

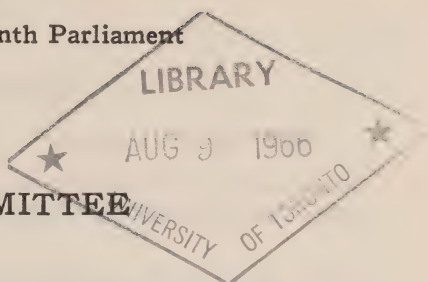
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LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966



STANDING COMMITTEE

ON

# Agriculture, Forestry and Rural Development

*Chairman:* Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 21

Respecting

Estimates (1966-67) of the Department of Agriculture

TUESDAY, JUNE 28, 1966

WITNESSES:

*From the Department of Agriculture:* Mr. S. C. Barry, Deputy Minister; Mr. M. J. Fitzgerald, Director, Prairie Farm Rehabilitation Administration; Dr. K. F. Wells, Veterinary Director General; Dr. W. A. Moynihan, Associate Director, Contagious Diseases Division; Dr. Julius Frank, Acting Director, Animal Pathology Division.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Grills,	Mr. Nowlan,
<i>Wolfe</i> ),	Mr. Herridge,	Mr. Olson,
Mr. Beer,	Mr. Honey,	Mr. Peters,
Mr. Berger,	Mr. Hopkins,	Mr. Pugh,
Mr. Choquette,	Mr. Horner ( <i>Acadia</i> ),	Mr. Rapp,
Mr. Clermont,	Mr. Johnston,	Mr. Ricard,
Mr. Comtois,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Crossman,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Danforth,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stafford,
Mr. Éthier,	Mr. Matte,	Mr. Stefanson,
Mr. Faulkner,	*Mr. McKinley,	Mr. Tucker,
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Châteauguay-</i>
Mr. Gendron,	Mr. Neveu,	<i>Huntingdon-Laprairie</i> ),
Mr. Godin,	Mr. Noble,	Mr. Yanakis—45.

(Quorum 15)

Michael B. Kirby,  
Clerk of the Committee.

\*Mr. McKinley replaced Mr. Madill Monday, June 27, 1966.



## ORDERS OF REFERENCE

MONDAY, June 27, 1966.

*Ordered*,—That the name of Mr. McKinley be substituted for that of Mr. Madill on the Standing Committee on Agriculture, Forestry and Rural Development.

*Ordered*,—That the Standing Committee on Agriculture, Forestry and Rural Development, be authorized to sit while the House is sitting.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House.*



## MINUTES OF PROCEEDINGS

TUESDAY, June 28, 1966.

(26)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:50 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Danforth, Ethier, Faulkner, Forbes, Gauthier, Honey, Hopkins, Horner (*Acadia*), Jorgenson, Laverdière, Lefebvre, McKinley, Neveu, Rapp, Schreyer, Watson (*Assiniboia*), Whelan (17).

*Also present:* Messrs. McLellan, Pascoe and Southam.

*In attendance: From the Department of Agriculture:* Mr. S. C. Barry, Deputy Minister; Mr. M. J. Fitzgerald, Director P.F.R.A.; Mr. D. J. Thiessen, Associate Director of P.F.R.A.; Mr. J. S. Parker, Director General, Departmental Administration.

The Committee resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67, items 55 and 60.

The Chairman introduced the witnesses and after a short statement the members proceeded to the questioning of the witnesses.

Later it was *agreed* that if the Committee completed consideration of items 55 and 60 at the afternoon meeting, the Committee would go on to consider items 40 and 45, Health of Animals.

At 12:00 o'clock noon, the questioning of the witnesses continuing, the Chairman adjourned the meeting to 3:30 o'clock p.m. this day.

### AFTERNOON MEETING

(27)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 3:50 o'clock p.m. this day. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Comtois, Danforth, Forbes, Gauthier, Hopkins, Horner (*Acadia*), Jorgenson, Laverdière, Matte, Neveu, Noble, Rapp, Schreyer, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan (16).

*Also present:* Mr. McLellan, M.P.

*In attendance: From the Department of Agriculture:* The same as at the morning sitting, and also Dr. K. F. Wells, Veterinary Director General; Dr. W. A. Moynihan, Associate Director, Contagious Diseases Division; Dr. Julius



Frank, Acting Director, Animal Pathology Division; Dr. C. K. Hetherington, Director, Meat Inspection Division; Mr. R. D. MacMillan, Branch Administrative Officer, Health of Animals Branch.

The Committee resumed examination of the estimates of the Department of Agriculture for the fiscal year 1966-67, items 55 and 60,

Later on motion of Mr. Horner (*Acadia*), seconded by Mr. Forbes,

*Agreed*,—That the statement prepared by officials of the Department of Agriculture on items 55 and 60 of the estimates for the fiscal year 1966-67, be printed as an appendix to the Minutes of Proceedings and Evidence of this day. (*See Appendix I*)

The Committee completed examination of the officials of the Department of Agriculture on items 55 and 60 of the estimates. The Chairman and members of the Committee thanked the officials.

*Agreed*,—That items 55 and 60 of the estimates of the Department of Agriculture for the 1966-67 fiscal year carry.

The Chairman, as agreed at the morning sitting, called items 40 and 45 of the estimates of the Department of Agriculture for the 1966-67 fiscal year.

After the Chairman had introduced the Departmental officials, the members of the Committee proceeded to question them.

At 5:55 o'clock p.m., the questioning of the officials continuing, the Chairman adjourned the Committee to 8:00 o'clock p.m. this day.

## EVENING SITTING

(28)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 8:25 o'clock p.m. this day. The Chairman, Mr. Whelan, presided.

*Members present*: Messrs. Asselin (*Richmond-Wolfe*), Comptois, Danforth, Ethier, Forbes, Grills, Hopkins, Horner (*Acadia*), Laverdière, McKinley, Matte, Neveu, Noble, Schreyer, Whelan, Yanakis (16).

*Also present*: Messrs. Cadieu (*Meadow Lake*), Horner (*The Battlefords*), LeBlanc (*Rimouski*), Loney, McLellan and Southam.

*In attendance*: From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Mr. J. S. Parker, Director General, Departmental Administration; Dr. K. F. Wells, Veterinary Director General; Dr. W. A. Moynihan, Associate Director, Contagious Diseases Division; Dr. Julius Frank, Acting Director, Animal Pathology Division; Dr. C. K. Hetherington, Director, Meat Inspection Division; Dr. J. T. Annis, Assistant Director, Meat Inspection Division; Mr. R. D. MacMillan, Branch Administrative Officer, Health of Animals Branch.

The Committee resumed questioning on items 40 and 45 of the Department of Agriculture's estimates for the 1966-67 fiscal year.

At the request of Mr. Schreyer, it was agreed that the Departmental officials would supply the Committee with the information as to where the Department of Agriculture acquired its Charolais cattle.

On motion of Mr. Horner (*Acadia*), seconded by Mr. Matte,

Agreed,—That the Department statements prepared on items 40 and 45, *Health of Animals Branch* and on the *Importation of Cattle from Countries not traditionally Free of Foot-and-Mouth Disease* along with the letter and questionnaire sent to those wishing to import cattle from France, be printed as appendices to the Minutes of Proceedings and Evidence of this day. (See *Appendices II, III and IV*)

At 10:00 o'clock p.m., the questioning of the witnesses continuing, the Chairman adjourned the Committee to 9:30 o'clock a.m. on Thursday, June 30, 1966.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

(Recorded by Electronic Apparatus)

TUESDAY, 28 June 1966.

● (9.48 a.m.)

The CHAIRMAN: Gentlemen, we will start the meeting. This morning we are going to discuss PFRA and we have with us Mr. M. J. Fitzgerald, Director of PFRA, Mr. S. C. Barry, Deputy Minister of the Department of Agriculture; Mr. D. J. Thissen, Associate Director of PFRA, and Mr. J. S. Parker, Director-general, Departmental Administration.

Mr. Fitzgerald, if you wish to make a statement it is quite in order. I am advised that Mr. Fitzgerald will make a statement only if it was necessary; he thinks most members have some information on PFRA. I think probably we should immediately start with the questioning.

Mr. HORNER (*Acadia*): Mr. Chairman, with regard to the pasturing of cattle, have you had any complaints from ranchers not being able to get their cattle into PFRA pastures because your rates are too low and that in a sense it is cheaper to put cattle into a pasture than it is to buy land and own it yourself. Have ranchers complained at all to PFRA in this regard?

Mr. J. FITZGERALD (*Director of PFRA*): No, I cannot honestly say that we have had a complaint of this nature. I would say there has been a general feeling throughout the ranchers that our rates are possibly too low in relation to commercial rates.

Mr. HORNER (*Acadia*): I am thinking of the comparison to the price of land today which, for one reason or another, has gone up quite a bit. I have always felt that if all ranchers could put their cattle on PFRA pastures they would not have to have the return on their dollar for investment; it would be a cheaper operation all the way around, and I just wondered whether any complaints have been made.

Mr. FITZGERALD: No, I cannot say there have been any complaints made. We certainly have not had any briefs or that type of thing from any of the livestock associations.

Mr. HORNER (*Acadia*): What is the actual status of the pasture at Suffield, Alberta? Has the PFRA made any requests to the Department of National Defence that this once again be opened up.

Mr. FITZGERALD: There has been no further development from two years ago when the decision was made between the two departments, agriculture and national defence, that this particular area should revert back to national defence for research purposes. Of course, we still maintain the pasture there. We maintain the facilities but there is no stock in the pastures.

Mr. HORNER (*Acadia*): Now this decision was made jointly by the two departments. I am going to guess at the figure but I would say roughly \$200,000 was spent by the federal government under PFRA in developing that area as a pasture. Now you say a decision was made to let it go back to defence purposes. It was used two years. Am I right?

Mr. FITZGERALD: Right.

Mr. HORNER (*Acadia*): Two years and there was a \$200,000 expenditure. Are we not being a little bit careless with the taxpayers' money?

Mr. FITZGERALD: Well I think you would have to go back to the reason the area was fenced in the first place. It was to take care of an emergency situation in 1961 and the pasture was used again in 1962. Our agreement with the defence research board was that we would have the area as long as the emergency existed and after 1962 conditions were much more favourable, somewhat comparable to what they were in the late fifties; on this basis, national defence or the defence research board requested the area back. Now, I think the understanding is should an emergency ever arise again that area would be available for pasture purposes.

Mr. HORNER (*Acadia*): Well as to this question of the emergency, I think most farmers in western Canada and particularly in the southern part of Alberta, where it is pretty dry as a rule, think an emergency exists on most of those farms nearly every year. I think it is generally agreed by parliamentarians, whether they be in provincial governments or the federal government, that the agricultural industry requires assistance in order to maintain the farmers on the farms. We spend money here. I notice that something like \$5 for every ewe is being spent by the federal government in the sheep industry. We see government after government helping the agricultural industry. Way back in 1961 and 1962 the federal government spent \$200,000, just spent it, took the taxpayers' money and spent it and then left it to lie idle. Now, what other individual or what other industry can spend \$200,000 and get no return on their investment for four years, absolutely no return on their investment. Do you not think once the government has made that initial investment it should be used and that somebody should be getting a return on that dollar. It is only sound business practice.

Mr. FITZGERALD: Well, I suppose I could answer Mr. Horner by saying that there is a great deal of tax money invested in the whole defence establishment there of which the ranges are a part and I suppose when the judgment was made they used some criteria as to which was more important, the range for livestock as opposed to the range for research.

Mr. HORNER (*Acadia*): I know the defence department is not here and they would perhaps have some logical reason why they need that range. But I think they made the statement in 1961 and 1962 that they could very easily get along without that range land and, in fact, with one movement of the cattle some time during the summer they could set off their 100 tons of dynamite or T.N.T., I think it was. And that is the only thing they do in that whole area. Did not the defence department in 1961 and 1962 say that they did not really need that piece of land?

Mr. FITZGERALD: That is right but I also think they restricted somewhat the research they used that area for during 1961 and 1962.

Mr. HORNER (*Acadia*): Well I think if a person made a very close examination of their research since 1962 one would find that they have not used that land and really do not need it.

Mr. S. C. BARRY (*Deputy Minister, Department of Agriculture*): I do not think we are in a position to assess the need of the defence research board for that land. In the emergency in 1961, when it was quite evident that unless some extraordinary measures were taken to provide pasture facilities a number of people were going to be in real trouble, they then agreed to make this land available to us for a temporary period. Now, as I say, I am not able to assess their requirements for the total area but I suppose at some point when the station was originally established this was the area it was decided they required. It is true that a considerable capital investment was put into fencing and crossfencing the property. I think it was three years, actually we used it rather than two. I think it was in 1961, 1962 and 1963. But, as Mr. Fitzgerald has said, we feel this is now fenced and without being able to commit the defence research board in any way I think, it would be reasonable to assume should another emergency arise probably they would at that time make it available to us. Now it is true that \$200,000 was spent on that emergency and, equally, I suppose the government has spent sums in other ways too in emergencies. Actually P.F.R.A. as such, and apart from Suffield, does not run any community pastures in Alberta. This is right is it not?

Mr. FITZGERALD: Yes.

Mr. BARRY: We run them only in Saskatchewan and Manitoba. Without being able to justify it otherwise the position of the defence research board is this and I think it did serve a very useful purpose during those two or three years.

Mr. HORNER (*Acadia*): Oh, I think it did.

Mr. BARRY: I agree that the people there probably have a continuing need for pasture, the smaller farmers particularly, but that is the situation as it stands at the moment, Mr. Horner.

Mr. HORNER (*Acadia*): True, but I am a little disappointed in the PFRA. Now, I can understand the defence department jealously hanging on to every acre of land they can because farmers every once in a while utter the wish that they were right out of there completely. Well I do not make any such statement. I think the defence research at Suffield has played an important part in our defence department and I have nothing against them. However, they have curtailed over the years—they used to have an entomology section there and everything else—their experiments and I think can quite feasibly operate without this land. All I want the PFRA department to do is to say we have made the expenditure and we think we should be able to use it every year, or part of it every year; in other words I just do not want you to be so agreeable with the defence department. I want you to go to bat for the farmers because we put the \$200,000 investment in there and we should try and get a return on it.



Mr. BARRY: Well the decision has to be made whether the defence research board in fact needs that land on a continuing basis. This, as I say, I am not able to assess.

Mr. HORNER (*Acadia*): But you people are to serve the agricultural industry not the defence department, and I just want you not to be so agreeable with the defence department. Do a little wagering for the agricultural industry because we, and particularly the agriculture industry in that part of Alberta, needs all the assistance it can get. So, why let \$200,000 lie idle.

Mr. BARRY: Well, I would just like to say we did do a bit of wagering to get for the additional year.

Mr. HORNER (*Acadia*): I have no further questions right now, Mr. Chairman, on that but I have others.

Mr. RAPP: Mr. Chairman, in the northern part of Saskatchewan the farmers are in grave need of community pastures and there seems to be areas available that could be developed into community pastures. Has PFRA undertaken any steps to open up more community pastures in that particular area.

Mr. FITZGERALD: You are speaking now of northern Saskatchewan generally?

Mr. RAPP: Yes, northern Saskatchewan.

Mr. FITZGERALD: No, we have not. As you know we do not construct pastures unless the province asks us to do so and provides us with the land. The last large pasture we constructed in the northern part of Saskatchewan was finished in 1963. We have not done any work in northern Saskatchewan since that time.

Mr. RAPP: This perhaps depends on the provincial government, but some municipalities in our area out there, have applied, through the provincial government perhaps, to open up some of these areas. From personal experience, I know there are many uncultivated areas that could be developed into community pastures. Is it then the responsibility of the provincial government to recommend to the federal government that some of these areas should be opened up for community pastures?

Mr. FITZGERALD: Yes, Mr. Rapp, under the PFRA program the province must provide us with the land. We finance the capital cost of the construction of the fences, buildings and water supply but the land must be leased to us from the province. Now in that particular area, of course, there have been several small pastures opened under the ARDA program.

Mr. RAPP: Very few, very few.

Mr. FITZGERALD: Very few but generally rather small ones, perhaps from 2500 to 4000 acres.

Mr. RAPP: Well the situation out there is that even though some of the farmers have small holdings they would sooner put it under crop since the profit for grain is much better than it was perhaps three or four years ago. At the same time they know there are available areas that could be used, by these farmers that have all their land under cultivation, for community pastures, thus allowing all the farmers to go into mixed farming. They are very interested, but

if the provincial government does not heed the pleas of these farmers, then it is useless for me to talk about this matter.

Mr. JORGENSEN: Mr. Chairman, does PFRA do extensive surveys on land that might be made available for PFRA pastures. I was wondering if you have a land inventory of the prairie provinces and, if so, have you an idea how much more land within the provinces could come under the pasture organization.

Mr. FITZGERALD: Well, we try to have a continuing study of this particular problem. First of all, we know generally how much crown provincial land is available which is marginal and might be made available to PFRA for the construction of community pastures and, secondly, we try to assess how much so-called marginal land which is now in cereal production might be put to better use were it seeded to grass. Mr. Jorgenson, I do not have any figures on this. At one time we calculated—this was back three or four years ago—that there was something of the order, of six million acres of land in Saskatchewan that was either owned by the province or submarginal land for a cereal program that was eligible year after year for PFAA payments and this type of thing, that we thought could be put to a better use if it were put into grass for grazing. I do not have any comparable figures for Manitoba.

Mr. JORGENSEN: I was just going to ask you if you had any comparable figures for Manitoba. The rental fee on the pastures includes a 1 per cent levy which is used as a grant to the rural municipalities in which the pastures are located in lieu of taxes designed to compensate the municipalities in some measure for the construction of roads and drainage facilities leading to the pasture. What happens in the case of pastures that are located in unorganized areas? In the rural municipality I understand the money is specifically earmarked for this purpose. I know in my constituency, with regard to pasture, the money is simply tossed into the general revenue and is not specifically earmarked for the pasture, and the pasture manager as well as the resident engineer in that area are somewhat perturbed about it because they felt this money should be earmarked for that specific purpose. I wonder if there was a letter accompanying the cheque to the local government district administrator telling him that this money was specifically earmarked for this purpose, or if there was some way in which you could make sure it was earmarked for that purpose rather than put in with the general revenues in the unorganized areas.

Mr. FITZGERALD: Well, certainly we do not make it a condition that the money which accrues to the municipality as a result of this 1 per cent levy is spent on roads for example, adjoining the pasture, we just take it for granted that once we pay the so-called tax to the municipality it will be spent in the areas in which the pasture is located.

Mr. JORGENSEN: I think this is true in the cases of those areas that are located in organized municipalities. This is not true, however, in the case of unorganized areas. Then there is usually a lot of squabbling going on in those areas as to where those moneys are going to be spent. I do know that the resident engineer in the area, as well as the pasture manager would much prefer that the money be specifically earmarked for that purpose because there are a number of complaints that the roads leading to the pasture areas are

never in such a condition that the patrons of the pasture are able to use them. In many cases you will find in the unorganized areas were it not for the pasture the road would not be there at all. This is not, of course, the case in an organized municipality. So, there is a difference and there is a particular problem as it relates to the pastures located in unorganized areas, and I wonder if something could not be done to make sure that the moneys that are allocated for these purposes are designated specifically for roads leading to the pastures.

Mr. FITZGERALD: As I mentioned, Mr. Jorgenson, I think it was our understanding that the money would be spent on the roads and crossings adjacent to the pasture that were used by the patrons of the pasture. I do not think we could make it a condition that the 1 cent per day per head be spent this way. We just assume that it will be spent this way.

The CHAIRMAN: There is nothing in the act then, Mr. Fitzgerald?

Mr. FITZGERALD: It just goes into general tax revenue, I suppose.

Mr. JORGENSEN: That is exactly what is happening; it is being spent elsewhere. You have the situation where the patrons of the pasture are up in arms because the roads leading to the Gardenton pasture are in such condition that they are not able to get to the pasture at certain times of the year. The engineer would like very much to do something about it but he does not have the funds available to do so because the moneys that are coming in as a result of the levy are being used elsewhere.

Mr. BARRY: I think we might look into that specifically as it relates to the Gardenton pasture, Mr. Jorgenson.

Mr. JORGENSEN: I would appreciate it very much if you would.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I have a question regarding the co-operation between P.F.R.A. and ARDA. The main reason for asking this question is that I believe there are 87 community pastures now in the western provinces controlled by P.F.R.A. and I believe a year ago the ARDA program instigated a pasture up in the Last Mountain Lake area adjacent to an existing P.F.R.A. pasture. I just wondered what the co-operation is between the two different programs, and after these pastures are started by ARDA will they eventually come under the P.F.R.A. program which has had the experience over a good many years of running these pastures. Just what is the reason for two different organizations running community pastures in the same area.

Mr. FITZGERALD: Well, on the surface it is hard to justify Mr. Watson, but you must remember that under the ARDA program the provinces have the responsibility for operating the pastures. Usually this is done by the formation of a small co-operative amongst perhaps a dozen farmers. They are the managers of the pasture. Now, to date these pastures have been very small, so small that they do not require a full time manager. So the essential difference between an ARDA pasture and a P.F.R.A. pasture is in the question of size. I realize that in this particular area you are thinking of the ARDA—Nokomis pasture will come right up against the Last Mountain P.F.R.A. pasture. We could have incorporated the whole area into one pasture but the province made the decision that they would rather establish and operate this particular pasture they are now building themselves rather than turn it over to us.



Mr. LEFEBVRE: A supplementary, Mr. Chairman.

The CHAIRMAN: I would rather you wait, Mr. Lefebvre, until Mr. Watson is finished.

Mr. WATSON (*Assiniboia*): But would this not be a real duplication of services? What is the provincial thinking in getting into this particular case when it could be incorporated with the P.F.R.A. pasture which is right alongside.

Mr. FITZGERALD: It is in a sense somewhat of a duplication, I think. Mind you, this particular pasture you speak of, the provincial ARDA pasture, is also going to be used as a wildlife preserve. That may not in itself justify their building a separate pasture but this is an area where there is bound to be some duplication.

Mr. WATSON (*Assiniboia*): You mention a wildlife preserve. Are not all community pastures game preserves?

Mr. FITZGERALD: Game preserves, yes, but not wildlife preserves in the sense that there is a controlled program for wildlife. There is only a certain number of cattle allowed per acre in the interests of the wildlife. All our pastures are game preserves.

Mr. BARRY: I wonder if I might interject here with a matter which I am sure all members know but which I think might be useful in clarifying the situation. The situation with respect to community pastures has been different in each of the three prairie provinces. Alberta always has operated its own pastures. Apart from Suffield there have been no P.F.R.A. pastures in Alberta. Manitoba has been the complete reverse. The provincial government—I think I am right in this, Mr. Fitzgerald—has not operated any community pastures on its own. They have all been P.F.R.A. pastures. This has been a deliberate policy of the two governments. Saskatchewan has been a mixture. We have had P.F.R.A. pastures in Saskatchewan and Saskatchewan too, for some time has operated small community pastures. Now the ARDA pastures, as I understand it, or the pastures which are being developed now under the ARDA agreement in Saskatchewan, are just really an extension of the smaller pastures which Saskatchewan historically has operated itself. This is right, Mr. Fitzgerald, is it not?

Mr. FITZGERALD: That is right.

Mr. BARRY: So, there is a different circumstance in each of the three prairie provinces. The particular one you mention is an oddity in that they adjoin but there is no change in basic principle from what has been followed for some time except that now the federal government through ARDA is contributing to the cost of the smaller provincial pastures which in the past the province carried itself.

Mr. WATSON (*Assiniboia*): I have another question on pastures and this pertains to the use of artificial insemination. Where does this policy originate? Is it in the local offices in Regina, in the other provinces, if they are concerned, or does it originate in Ottawa with the top officials of P.F.R.A.?

Mr. FITZGERALD: I must confess, Mr. Watson, that I think our artificial insemination program was introduced on the basis that it was something the farmers, the patrons of the pasture, would want and it was not until just recently that we discovered, when we tried to introduce artificial insemination in the Wellington pasture, I think it was, that many of the farmers were opposed to it. So we have usually struck a policy that we would not introduce it unless the majority of patrons wanted it. In that particular pasture I think 48 per cent were for it and 52 per cent were against it, so we do not have artificial insemination in that particular pasture. Unfortunately the pasture is not large enough to have both artificial and natural breeding. There are some economics to artificial insemination which dictate that you must have so many cattle to breed before it becomes a profitable type of thing. So the result is that in that particular pasture we have gone with the wishes of the patrons and we do not have an artificial insemination program.

Mr. WATSON (*Assiniboia*): Is it not true that with regard to one of the pastures the pasture committees had voted against the use of artificial insemination and later on the department was going to introduce it regardless of the wishes of the pasture board?

Mr. FITZGERALD: I think that is the pasture I am referring to. We reversed our stand on that as soon as we got the vote in from all of the patrons. The policy in future will be if the majority of patrons do not wish to have artificial insemination we will provide natural breeding.

Mr. WATSON (*Assiniboia*): In the pastures that have had artificial insemination what has been the percentage of calf drops?

Mr. FITZGERALD: Well, I am not too sure. I cannot quote you a figure, Mr. Watson, but the conception rate on artificial insemination has been below that of natural breeding. One of the reasons some farmers or patrons complain about it is that sometimes cows have to be bred two or three times before they conceive. Personally I am all for artificial insemination inasmuch as it permits us to use the very best semen you can buy from the very best bulls there are, whereas in natural breeding we buy a good bull but it is a utility bull and not necessarily from purebred stock.

Mr. WATSON (*Assiniboia*): Is it true the rate of conception with AI in some of the large community pastures gets down as low as 30 per cent?

Mr. FITZGERALD: Oh, I do not think so, no. You see under natural breeding conditions, the conception rate is around 80 to 85 per cent and I have never heard of AI going that low.

Mr. WATSON (*Assiniboia*): What is this percentage? Could you tell me that?

Mr. FITZGERALD: It is somewhat less than 80 per cent.

Mr. WATSON (*Assiniboia*): It is about 80 per cent with the use of bulls, is it not?

Mr. FITZGERALD: It is about 80 to 85 per cent with the use of bulls and it is somewhat below that; I would guess maybe between 65 and 75 per cent with artificial insemination.

Mr. HORNER (*Acadia*): Just a supplementary, Mr. Fitzgerald, I am sure you made a slip of the tongue. You use purebred stock, do you not?

Mr. FITZGERALD: Yes, we do.

Mr. HORNER (*Acadia*): You said sometimes they are not purebred or, at least, you left the impression that sometimes they are not purebred.

Mr. FITZGERALD: Oh no, I'm sorry; they are purebred stock but they are not as good a stock as we would have available through the artificial insemination program.

Mr. WATSON (*Assiniboia*): Do I understand then that the use of AI will not be introduced in any pastures until a vote of the patrons has been taken?

Mr. FITZGERALD: That is right, Mr. Watson. That is now our policy.

Mr. WATSON (*Assiniboia*): Will it be explained to the patrons ahead of time that the percentage of conception is not as good with AI as it is with natural breeding?

Mr. FITZGERALD: Well, I think we would advise the pasture committee about the pros and cons of artificial insemination as opposed to natural breeding before we have the vote so that they are aware of the advantages and disadvantages of both types.

Mr. LEFEBVRE: Mr. Watson, Mr. Chairman, brought out a point about the conflict or otherwise between P.F.R.A. and ARDA in certain parts of the western provinces. Is there a study being made now or will a study be made, perhaps, on whether, in some places, ARDA or P.F.R.A. should be phased out and the other take over so that you do not get this overlapping of services that apparently is taking place now.

Mr. BARRY: I do not know that we would necessarily regard it, sir, as an overlapping of services. The extent to which PFRA pastures versus provincial pastures are used varies in the three western provinces. Dealing specifically with Saskatchewan, the province has for some time operated small community pastures. The tendency has been for the provinces to operate the smaller ones and P.F.R.A. to operate the larger ones. The provincial pastures are often managed by a local group of farmers who use it. I think we would tend to regard the ARDA participation in community pastures rather as an acceleration of the provincial pasture program and not necessarily in conflict with the P.F.R.A. pasture program. I think that would be about the view, Mr. Fitzgerald, would it not?

Mr. FITZGERALD: I think so.

Mr. LEFEBVRE: How close would your liaison be between, say, the ARDA program on the one hand and PFRA on the other. Is ARDA benefitting from the experience learned by PFRA which has been in business for so many years?

Mr. FITZGERALD: In the western region we are housed in the same building. ARDA use my officers to examine some of the provincial proposals and I would say that the communication between the two is very, very close. We know exactly what ARDA is doing all the time and vice versa.

Mr. LEFEBVRE: Is there a need for both in these provinces though, where you already have PFRA which has all these years of experience?



Mr. FITZGERALD: I think I ought to put that into another context. There has always been a PFRA program in the prairie area of western Canada. The federal government has always accepted that they have a special responsibility particularly with respect to water developments and even though ARDA has been introduced I still think there will be a continuing need for a PFRA type of organization to discharge what I might call the federal government's special responsibility for more development generally in this very arid area. I see no conflict really between the two. I think the provinces will tend to seek advice and assistance from PFRA for certain projects, certainly certain of the larger projects that require sophisticated engineering services and for certain of the other, shall I say, smaller types of water development projects, small types of community pasture projects, the province would probably go to ARDA for those.

Mr. LEFEBVRE: I have just one more question, Mr. Chairman. Do the eastern provinces have meetings with your officers to gain experience from them in establishing ARDA programs in the east?

Mr. FITZGERALD: No.

Mr. LEFEBVRE: Is there any way that the ARDA programs in the eastern provinces can gain from the experience that you people already have?

Mr. FITZGERALD: Well, I would say only if we were a national organization and then our expertise would then be available.

Mr. LEFEBVRE: Between the eastern provinces and the PFRA, as it is now?

Mr. BARRY: If you do not mind, Mr. Fitzgerald I might just make one little qualification there. ARDA's actual operation encompasses a wide range of activities, wider than pasture development and, indeed, wider than water development. I am thinking of Nova Scotia where an ARDA pasture was developed with the province and where I think they did call for some help and guidance from PFRA with respect to the management of the pasture. This is the kind of thing I take it, Mr. Lefebvre, you have in mind.

Mr. LEFEBVRE: Yes, this is what I have in mind. You are there to help them if the provinces make their request.

Mr. BARRY: This has been done in the maritimes.

Mr. FORBES: Mr. Chairman, my question has to do with the carrying capacity of the pastures. Probably I could cite an instance. In the Dauphin area we have two community pastures, one I think is called Duck Mountain and the other, Dauphin Ethelbert. Both of these pastures are heavily covered with bush, and even the natural pasture that is there is not of too high a quality. I was wondering if you people were considering scrubbing a large part of these two pastures to increase the carrying capacity of the pastures and also improve the quality of the pastures. I observe that you had done some scrubbing with this ball and chain idea and you know that when everything has left there it would not be safe for a cat to crawl through there far less cattle. It was splintered and partly knocked over and an awful looking mess. Had you followed that up with a bulldozer and blade and got it in shape to seed down I think it would have amounted to something. However, it was only a small area done in this way and

it was an effort to increase the pasture, although a very poor effort. I was wondering if you are giving any further consideration to improving the pasture or what you are doing about it.

Mr. FITZGERALD: Well, Mr. Forbes we have a pasture improvement program and we spend so much money every year trying to develop existing pastures. In the bush areas, as you mentioned—and I think you are referring to the Ethelbert pasture now?

Mr. FORBES: Yes that is the one where some scrubbing was done.

Mr. FITZGERALD: It may have been in a rather sad condition when you saw it. That is a four year type of program, you know. We break bush the first year. We let it rot the second year. We burn some time the second or third year, spray and then reseed. So maybe it was in the first or second year stage when you saw it. Our pasture improvements program, to be more specific, does include clearing bush pastures and seeding them to grass. This is a long term program and we do not make too much headway year by year, particularly in that area there where the demand for grass is not as great as it is in the southwest part of Saskatchewan, for example, where we spend most of our money for pasture improvement.

Mr. FORBES: Well there would be a greater demand in my area for the use of this community pasture if there was a better quality grass, and something done about the carrying capacity. I put cattle on both those pastures and I withdrew from them. I had some wild land of my own and I hired an outfit to spray it and kill the bush in this way. After you get rid of the leaves the grass will grow up. I did that rather than use those pastures. I think there is a great potential for the use of those pastures in that area if only you would proceed to get rid of some of the brush, improve the carrying capacity and improve the quality of the grass. This is important.

Mr. LAVERDIÈRE: Is it possible, for example, that some projects from the province of Quebec or Ontario could be submitted to P.F.R.A.? Is it restricted to the western provinces?

Mr. FITZGERALD: Yes; our legislation confines us to the three prairie provinces. It is true that under special agreement we have done certain projects in British Columbia.

Mr. LAVERDIÈRE: You do not have any projects that have been submitted for water conservation in Quebec, for example, in Ontario or in other provinces?

Mr. BARRY: Not under P.F.R.A. sir. A project of that nature in the east would come under ARDA.

Mr. FORBES: Something came to my mind very rapidly. What are you doing about insurance coverage on cattle in those pastures. Again, I had a similar experience where I lost a number of head there and I did not recover very much by way of compensation for the losses. I was wondering if this has been improved in the last year or two or if it could be improved in a manner which would be acceptable to the patrons?

Mr. FITZGERALD: Well the matter of insurance, Mr. Forbes, is purely up to the local people. I think last year 49 of the 86 pastures carried a mutual type of

insurance. We do not insist on this. We encourage them to take out insurance, but they decide, by vote of the patrons themselves, whether they get a contract with a mutual company for insurance coverage for their animals. It is not a condition, so far as we are concerned, that they have this insurance.

Mr. HORNER (*Acadia*): With regard to pastures, Mr. Fitzgerald, how does the P.F.R.A. stand? Are you breaking even, losing money or do you have a financial statement on each pasture? I would just like an overall statement.

Mr. FITZGERALD: Last grazing season, Mr. Horner, we made, I think, something like \$60,000 on the overall operation. We charge to the pasture all direct expenses, the pasture manager's wages and salary and any improvements we might do on that pasture. But through the whole system our rate is established on the basis that we will cover all direct expenditures we make every year. This excludes, of course, any return on our money that is invested. It does not include that particular expense.

Mr. HORNER (*Acadia*): You do not charge in the cost of money?

Mr. FITZGERALD: That is right.

Mr. HORNER (*Acadia*): This is a very interesting point because we see ARDA moving into the agricultural industry and setting up farms. From a bookkeeping point of view I want to know whether those farms are going to be profitable. Here we have P.F.R.A. already in the pasture business. With the ordinary bookkeeping arrangement on a farm, would not the farmer have to charge in the cost of money?

Mr. FITZGERALD: That is right.

Mr. HORNER (*Acadia*): But you people do not. Is there a specific reason why you do not?

Mr. FITZGERALD: The only answer I can give, Mr. Horner, is that the policy has been for the government to provide the money to establish a pasture and from there on charge a rate which would take care of the direct expenses which are involved in the year to year operations.

Mr. HORNER (*Acadia*): In other words if a farmer or rancher can put his cattle into a P.F.R.A. pasture, he is actually being subsidized to some extent. Would you agree with that?

Mr. FITZGERALD: I agree with that.

Mr. BARRY: I have one figure here that would be illustrative of the position. In the last year that I have, 1964-65, the operating costs in all pastures was \$1,396,000 and our revenue, excluding the 1 cent levy, was \$1,460,000 which left a surplus over operating costs of some \$64,000, as Mr. Fitzgerald said.

Mr. HORNER (*Acadia*): The land in most cases is given to P.F.R.A. by the province, am I right in that?

Mr. FITZGERALD: Leased to P.F.R.A.

Mr. HORNER (*Acadia*): Leased and actually there is no initial cost to P.F.R.A.?

Mr. FITZGERALD: That is right.



Mr. HORNER (*Acadia*): Therefore, in your accounting system no initial charge is made for the purchase of land or anything like this, no capital outlay. So with today's land prices we might assume it is quite a subsidization. Why has Alberta not allowed you people to develop or to subsidize the agricultural industry in Alberta particularly? Is there any specific reason why we have not seen the growth of community pastures in Alberta?

Mr. FITZGERALD: I have not an answer to that, Mr. Horner. From reading the files, I know when the program first started, Saskatchewan and Manitoba signed the agreement with Canada for the development of pastures in their provinces, but there is evidence that there was plenty of range in Alberta at the time—I am going back now to 30 years ago—and they saw no need at that time for the federal government to come in and establish pastures there. Before that time Alberta had their own provincial community pasture program and I think rather than seek assistance from P.F.R.A. over the years they went along and developed their own provincial program.

Mr. HORNER (*Acadia*): I know for a fact a number of years ago P.F.R.A. did make overtures towards the Alberta government to try to set up community pastures in the province. We have seen the growth of some 67 pastures in Saskatchewan, some 20 in Manitoba and I think you will agree that these pastures to some degree are subsidized and are aiding the agricultural industry in both those provinces. I am just asking why have we not seen the growth in Alberta? I think the farmers there are every bit as entitled to a little bit of assistance. Certainly we are not all that wealthy that we would just turn it away. At least I would like to think we are not in Alberta.

Mr. FORBES: Mr. Chairman, could I offer a comment on that. I do not agree with Mr. Horner that the patrons of the community pasture are being subsidized at all.

Mr. HORNER (*Acadia*): Well, Mr. Fitzgerald agreed with me.

Mr. FORBES: Well, I do not care what he thinks. The fact of the matter is that practically all land on which community pasture is located is a very low value land, submarginal land. Most of it could have been bought a few years ago for \$1 an acre and in some cases where the provinces have to acquire certain sections and so on they paid \$3, \$4, or \$5 an acre, and very seldom would it go above that. It is a good idea to take this land out of farming because someone is liable to go in there and try and make a success of raising grain when the land is not adaptable to that at all. But it is serving a most useful purpose as pasture. So I would suggest that when a farmer is paying 6 cents a day for his cattle which runs about \$6 or \$7 a head for the season that he is not being subsidized by anybody. He is paying his way. I could go on and elaborate to prove that to you by my own experience, but I would not bother to do it.

The CHAIRMAN: Mr. Forbes, if I may make a comment—maybe I should not—I would think what Mr. Horner meant was that the farmer in the province which participated in this program was at a greater advantage than the farmer in a province that did not participate in this program. Is that not what you meant, Mr. Horner?

Mr. HORNER (*Acadia*): I have nothing against P.F.R.A. pastures. I just want to see them move into Alberta. Mr. Forbes can say subsidized or not subsidized;

that does not matter. I know a little bit about running cattle and any time somebody will put my cows to pasture for \$1.80 a month he can have the whole herd, and he can fence them in and look after them. That is cheaper than I can run them and pay taxes on my own farm and ranch in a very wealthy province where taxes are just too high.

Mr. FORBES: I was going on information Mr. Horner gave me himself a couple of years ago, that he required about 25 acres to pasture a cow and I think he paid 15 cents an acre rent. I was assuming from that he got pretty cheap pasture.

Mr. HORNER (*Acadia*): There is lots of submarginal land in the province of Alberta, I am sure you are aware of this Mr. Fitzgerald. I would like to know why P.F.R.A. have not moved into the province of Alberta with community pastures. That is all.

Mr. FITZGERALD: Well, Mr. Horner, Alberta is eligible for the program. All they have to do so is sign an agreement with us.

Mr. HORNER (*Acadia*): But they will not.

Mr. FITZGERALD: Apparently they do not want to.

Mr. HORNER (*Acadia*): They do not want to. Anyone could say they do not feel the farmers in that province need a little assistance.

Mr. WATSON (*Assiniboia*): Mr. Chairman, on this point Mr. Horner has brought up about farmers who use the P.F.R.A. pastures being subsidized. I do not think that I can agree with this. It was previously mentioned, that the province turned all the land over to P.F.R.A., but before the province got hold of it the local municipalities concerned with these pastures had to acquire this land and turn it over free to the provincial government. Is this not the set up? Actually, the patrons of the municipalities shuffled farmers around, got title to the land and, in turn, turned over a title to the provincial government. So, the very patrons that are using it are residents of municipalities which turned it over debt free to the provincial government?

Mr. FITZGERALD: That certainly applies in the southwestern and south central part of Saskatchewan.

Mr. WATSON (*Assiniboia*): Is that not true for all of Saskatchewan?

Mr. FITZGERALD: No. I think in the northern parts the land was Crown provincial land, to start with, which was turned over to us as Crown land. There are many areas in the south where P.F.R.A. even purchased land in the early days to enlarge pastures. But I would say since the war, we have not purchased any land, the land we get for this pasture is given to us on lease by the provincial government. I think now, most of it, certainly in the north, is and always has been provincial Crown land. Now, as you mentioned, Mr. Watson, in your area, I think much of that land went back to the municipalities in the thirties for taxes and eventually got into provincial hands, and was transferred to P.F.R.A.

Mr. WATSON (*Assiniboia*): Well, would you say it was fair that the municipalities there turned this over free to the government when in other areas the land was purchased, possibly even in certain areas to start with. I am

thinking particularly right now of the Caledonia-Elmsthorpe pasture. Now I know the municipality there turned over a good portion of that land to the government. I am not aware that any of it was ever purchased.

Mr. HORNER (*Acadia*): I am not going to debate the question of how much the subsidization is but you know, Mr. Fitzgerald, and I know, whether you lease the land or own the land, that it costs somewhere between \$300 and \$600 to buy enough land on which to pasture one cow. If you just figure out the interest on that money alone you can see where it is going to run you into quite a little bit. This amount alone is subsidized, plus the interest or the cost of money for the development you say you do not charge. That alone is quite a subsidization and if anybody wants to doubt it just go out and try to buy some land to run cattle on.

Mr. FORBES: I do not know what area you are talking about. The problem might be a little different in other areas.

Mr. HORNER (*Acadia*): If you can get any land for \$1 an acre that will run cattle, you buy it because it is a good investment.

Mr. FORBES: I have.

Mr. HORNER (*Acadia*): Has the P.F.R.A. any stipulation with regard to the area of a province in which they may do some work. I understand that ARDA is now directing its taking aid only to areas where the wage average is less than \$3,000 and the farm gross is under \$4,000 a year. I understand this is one of the criteria the area must fall under before it can be considered for an ARDA project which, in my estimation, is a terrible thing. Is there anything like this under P.F.R.A.

Mr. FITZGERALD: No, there is not.

Mr. HORNER (*Acadia*): Are you aware of ARDA using that as a criteria in the western provinces.

Mr. FITZGERALD: I am generally aware of this, yes.

Mr. HORNER (*Acadia*): Using that as a criteria, do you find many projects because they cannot qualify for ARDA are then turning toward P.F.R.A.?

Mr. FITZGERALD: No. First of all, I think there is some confusion here, Mr. Horner. The ARDA program applies to anywhere in the province. The provinces, however, have designated certain areas.

Mr. HORNER (*Acadia*): It is the provinces which have designated these areas?

Mr. FITZGERALD: Yes, Obviously these are the poorer areas of the province and it is only natural that they would perhaps have priority for ARDA projects in those areas. But let me emphasize that here again this is a question of the responsibility of the province to put forward projects for these areas and not the federal government.

Mr. HORNER (*Acadia*): Yes I realize the initiative must be with the provinces. We have in Alberta an area called a special area. I am sure you have heard of it. I want to say right at the outset that P.F.R.A. has done a tremendous job in this area ever since its inception. Without P.F.R.A. these special areas



would have been greatly handicapped over the years. However, the odd part about it is that P.F.R.A. has played an important part in this area but ARDA is excluded and you say it is because of the province. This is really surprising. I know maybe I am just a little out of your area in dealing with ARDA but I want to come back to P.F.R.A. Are you certain as an actual fact that the area in which ARDA can qualify is left up to the province?

Mr. FITZGERALD: Yes sir; inasmuch as the province has to initiate the project, it is their priority then to select whatever area they want.

Mr. HORNER (*Acadia*): Do you consider P.F.R.A. projects from an overall basis; in other words, you have here in this statement, conservation storage of water to serve a community. I want to ask you what do you mean by the word "community". The is on page two about halfway down.

Mr. FITZGERALD: This is a rather hard term to define but really we mean agriculture community.

Mr. HORNER (*Acadia*): Agriculture community is what you are referring to?

Mr. FITZGERALD: Yes. One of our dilemmas at the moment is that when we build one of these projects we must justify it in terms of agricultural benefits. Frequently we are asked to do projects that will benefit a town as well as agriculture communities. Sometimes it is very difficult to justify the project solely in terms of the agriculture community but relatively easy to justify it if it is in terms of the benefits to the urban people.

The CHAIRMAN: Could I interject. Are you on the next item on the list here?

Mr. HORNER (*Acadia*): I somehow seem to get onto water conservation, Mr. Chairman. If you want to continue on pastures that is fine with me. I will hold my questions.

The CHAIRMAN: I see there are several other members who have indicated they have questions; I do not know what they are. Mr. McLelland has a question; Mr. Schreyer has a question, and Mr. Forbes intimated he had another question too.

Mr. McLELLAND: I would like to ask Mr. Fitzgerald a question on community pastures. This has to do specifically with the Elbow community pasture which I think I have been connected with for 30 years. When the land was taken in by the P.F.R.A. in 1938 from the old original Elbow community pasture, there was a certain amount of land. With the building of the South Saskatchewan River dam, of course, some land was taken away. Now is this land, which I understand they are going to use for a park area, automatically given back to the province.

Mr. FITZGERALD: That is right, yes, with one condition, that the province endeavour to provide us with that many acres some place else so that there will not be any loss in acreage in community pasture in the area.

Mr. McLELLAND: That area, or a lot of it, has been reseeded and so on. Does the province pay the PFRA anything for improvements?

Mr. FITZGERALD: No they do not.

Mr. McLELLAND: I have just one more quick question on artificial insemination. If that area accepted AI would the patrons be consulted as to what breeds of livestock they would use?

Mr. FITZGERALD: Yes, the patrons have the right, if they accept artificial insemination, through their advisory committee, which is made up of farmers in the area, to tell us from what breeds of livestock they wish to use semen.

Mr. McLELLAND: Are the qualifications necessary to become a pasture patron revised every year or every two or three years? One of the qualifications they had a while ago pertained to the distance from the area. Actually they drew a round circle and the farmers inside that circle become a patron. That meant that an awful lot of people who had supported these pastures and kept them going for years were automatically cut out. The other ones that were outside too were just eliminated. In some cases they were allowed 24 head but I was allowed only three. Now, my family were patrons for 45 years. Is there any way that we can become a patron again after being eliminated for a couple of years.

Mr. FITZGERALD: No, I am afraid not, Mr. McLelland, unless we enlarge the pasture and, therefore, enlarge the circle, or some of the other patrons dropped out. We have picked up some of the patrons we had to drop three or four years ago because certain other patrons have gone out of cattle. Those that were dropped have first priority but your chances of getting back in are very, very slim.

Mr. McLELLAND: There is no chance of them coming up with a new scheme? I think it has been brought to their attention several times that people inside that circle they made had to go to feedlots and stockyards and purchase cattle in order to have enough cattle to fill their quota. Well that is not at all what it was brought out for years ago. It was just so a person could put a few head of cattle in when they did not have pasture at home. But when they start to make ranches out of PFRA pastures I do not think it is a very good thing.

Mr. SCHREYER: Mr. Chairman, with the entry of ARDA into pasture development the likelihood of P.F.R.A. opening up new pastures or enlarging existing pastures is extremely remote. Would this be a fair assessment of the situation.

Mr. FITZGERALD: I think you are probably right. It certainly will have the effect of having a smaller demand on P.F.R.A. for the construction of pastures. There is possibly one exception here; inasmuch as we mentioned before, we only build a pasture when the province provides us with land. The tendency might be to establish more pastures in a bush area, the northern part of the prairie provinces, Saskatchewan and Manitoba.

Mr. SCHREYER: I have one further question, Mr. Chairman. In all that part of Manitoba east of the Red there is not one P.F.R.A. pasture. Is that correct?

Mr. FITZGERALD: No.

Mr. SCHREYER: Well there are some new ARDA pastures.

Mr. FITZGERALD: We have two community pastures, the one at Gardenton and the one at Rosa, both east of the Red.

Mr. SCHREYER: Under ARDA or under P.F.R.A.?

Mr. FITZGERALD: No, under P.F.R.A.

The CHAIRMAN: Mr. Forbes, do you have a supplementary?

Mr. FORBES: I wanted to ask Mr. Fitzgerald if he could give us any idea of the cost of spraying the bush in these pastures, and what results did he get?

Mr. FITZGERALD: No, I do not have any figure just for spraying. For knocking down, spraying, and reseeding our cost runs about \$16 an acre. It is higher in some areas because of the more dense tree growth. That is about an average figure, I think, for the particular area you are thinking of.

Mr. SOUTHAM: I am very glad to see Mr. Fitzgerald all the way down here from the province of Saskatchewan to meet our committee. I only have one or two short questions. My inquiry is based on the expanding demand for community pastures in Saskatchewan; I am referring now to representations which have been made to me and, I think, to the Department of Indian Affairs regarding some of the grazing land adjacent to the White Bear Indian Reserve. I am informed some consideration is being given to increasing grazing areas in that area with respect to enhancing both the Indians' economy and the farmers' economy living in that area. Have you had any representations made to you in that respect in Saskatchewan regarding this particular area in and around the White Bear Indian reserve?

Mr. FITZGERALD: I do not think we have in connection with that specific reserve. We have had many requests from other reserves in Saskatchewan and Alberta and we are quite prepared to co-operate with the Department of Indian Affairs in establishing a P.F.R.A. type of community pasture on an Indian reserve where grass might be needed to increase the cattle population of the Indians as well as to provide grazing for others that live adjacent to the reserve. I am quite sure we have not had a request from that particular area.

Mr. SOUTHAM: One of the reasons I bring this question up is I believe there has been a long term agreement with the Tyner farmers in this area, particularly around the White Bear Reserve, and this may apply to others. Because of the possibility of drought and so on they were given a long term grazing lease in the early days right in the reserve. Well now, there is some apprehension on the part of Indians, of course, and there are other developments taking place. There is also the economy of the Indians themselves. As you know, our Indian Affairs Department are trying to do something to assist the Indians to become more independent. I am glad to hear you say, Mr. Fitzgerald, that there would be co-operation, because I think here is an area—I am thinking of this particular reserve—where a lot of good could come of some organization like the P.F.R.A. operating with Indian Affairs to develop grazing lands because there is a lot of good pasture. I may follow this up at some later date with Indian Affairs themselves because I have had several representations made to me by neighbouring farmers in this respect and I am glad to hear that this is considered a possibility. You may be getting some information or communication from me or I may direct some inquiries to your department in that respect.

The CHAIRMAN: Before we go any further, Mr. Southam, I want to apologize to you for not recognizing you in turn the other day before recogniz-



ing Mr. Olson. Actually, you were next. I do not like to do this as Chairman. I do not want to do it again, either.

Mr. SOUTHAM: Well, thank you very much, Mr. Chairman. I am a man of forbearance, good humour and good nature so it does not worry me too much.

The CHAIRMAN: I do not like to make mistakes as Chairman, but I did the other day. Now, Mr. Danforth are you on the pasture program?

Mr. DANFORTH: Mr. Chairman, from the time P.F.R.A. has been in operation—I note the Act was passed in 1935—there is no doubt a tremendous amount of valuable experience has been obtained in this particular form of agricultural endeavour. Now, I am interested in knowing whether or not, due to the fact that we may be faced with a tremendous demand for expanded production in cattle in the very near future and also that from time to time we are faced with emergencies such as was spoken of in 1961, this administration or this department either itself or jointly with the provinces made an actual survey as to the potential in the three prairie provinces with regard to the establishment of additional forage. First what is the potential expansion in cattle numbers and carrying capacity that is available in the event it is needed, or is this the onus of the provinces?

Mr. FITZGERALD: I would say that all the provinces in the prairie area have done this. They generally make these figures available to us. We ourselves have not conducted any formal study along this line that you mention.

Mr. DANFORTH: Well, then, may I ask you another question along this very line, not being familiar with the activities of this line of agriculture. In case we ourselves are placed in a position where there is a tremendously expanded market for our cattle, which could conceivably happen, how long would it take this department to put a pasture into what is called normal capacity?

Mr. FITZGERALD: Well, if there is no reseeding involved, of course, all that is involved then is building a perimeter fence. If there is reseeding involved it would take, I would say, maybe two to four years to establish grass on marginal land that had been cultivated for cereal production.

Mr. DANFORTH: Well I would imagine that the larger part of the land that would be available, because of the way farmers utilize all workable land, would be submarginal. Then it would take from two to four years. Am I to understand from that then that we would be two to four years behind in any program of expansion that we might wish to undertake?

Mr. FITZGERALD: We would be if the additional pastures involved conversion of land from cereal production into grass production. I think long before that time though, Mr. Danforth, we probably would be going back up into the bush area, where there are rather large tracts of land which could be cleared. Here again in two or three years probably we could get substantial acreage behind the fence in the event we needed additional pasture land.

Mr. DANFORTH: You spoke of the establishment of buildings and fencing, and I think you quoted a figure of \$16 an acre for reseeding, spraying and scrubbing of land. May I ask, on a per acre basis, what the nominal cost would be to the government in establishing such pastures?

Mr. FITZGERALD: Well in the north, including all of the fencing and clearing, it could run as high as \$20 an acre. In the short grass area, of course, where there is no clearing involved, all it means is putting a fence around it and some buildings and providing dug outs or some water supply. I daresay the cost there may be as low as \$5 or \$6 an acre.

Mr. DANFORTH: I have one further question, Mr. Chairman. From time to time we are being informed of governmental action, both provincial and federal, to develop roads into the northern part of the three prairie provinces to take advantage of mineral deposits, oil or gas or some other element of that nature. When such railroads or access roads are built do they in themselves open up new potential areas for pasture in these provinces?

Mr. FITZGERALD: Well I tend to think of an answer here in relation to how far north you are speaking of, Mr. Danforth? The further north you get, of course, the thicker the timber, the shorter the season and you run out of the so-called agricultural area. I think I would have to say if agricultural settlement took place well this, of course, in itself would create a demand for grazing and it would only be under those circumstances, I suppose, that you would go in and try to establish a pasture.

Mr. DANFORTH: Well, may I phrase my question in another way then, Mr. Chairman. With present day methods of agriculture would you say that development northward has reached its potential right now?

Mr. FITZGERALD: I would say this is true with the possible exception of some of the area north of Hay River and south of Pine Point where there is some possibility that you could graze cattle.

Mr. DANFORTH: There are isolated pockets or valleys—

Mr. FITZGERALD: That is right.

Mr. DANFORTH: —with carrying capacity?

Mr. BARRY: I wonder, Mr. Chairman, if I could pose a question to Mr. Fitzgerald in relation to the point that Mr. Danforth is raising. Having regard to the continuing need for an increase in the total grass facilities in the western country. Mr. Fitzgerald mentioned earlier that we are involved in this gradually with respect to our community pastures, and I would like to ask him to what extent is the potential to increase the carrying capacity of existing range lands or existing community pastures by regrassing going to be able to take care of this increasing demand. How do you assess this, Mr. Fitzgerald, in relation to the point that Mr. Danforth is raising. Are we going to meet this by improving the carrying capacity of our existing lands as much as by opening up new lands? I think it might bring out the point you are raising, Mr. Danforth.

Mr. FITZGERALD: Well, there is a limit that you can do to improving most of the type of land we have in our community pastures, which is short grass area. The Chairman just asked me if we fertilized. We do not fertilize because as yet that is not an economic thing to do for grazing land unless you have an ample supply of irrigation or something like this. So I think the availability of pasture will come more in terms of opening up new areas than it will in terms of improving what we have. The critical thing really here in the development of

pastures is not necessarily the amount of grazing you have but the winter feed supply. These two things go together. You could have lots of pasture but if you had no winter feed supply you would not have the cattle population. In other words, that is one of the limiting factors. These two things must be considered together, the grazing in the summer and the availability of the feed supply in the wintertime.

Mr. DANFORTH: I understand, Mr. Chairman, from the answer that it is a question of forage in either one form or another. Might I ask if the department has any estimation of the increased potential in cattle population in percentages that could be expected in the three prairie provinces. We gather from time to time that one of the major problems facing the United States is the expansion and development of more forage for the greater cattle populations that are necessary and this is providing a very limiting factor. May I ask if there is any information as to the potential expansion in the west for our own cattle population?

Mr. FITZGERALD: Well, you hear figures, Mr. Danforth, that the cattle population in the three prairie provinces which is, I think, around 7 million or  $7\frac{1}{2}$  million at the moment, will have to double in 20 years to satisfy the red meat market. This is going to put a terrible strain not only on grazing land but also on land that will have to be devoted to growing the winter feed supply. One solution here, of course, is irrigation. Indeed, when you talk of doubling the numbers, irrigation is the only solution, I think. If we assume a strong market for wheat and therefore competition between wheat and fodder, irrigation is probably the one solution toward resolving this winter feed supply problem. Again, I tend to think that maybe summer grazing is not the real problem. The provision of fodder crops for our winter feed supply is probably going to be the critical thing which will limit the cattle population growth.

Mr. DANFORTH: This is a related question, Mr. Chairman and might infringe on water conservation. May I ask if there is experimental work going on right now, due to the fact that the west is developing a tremendous potential for irrigation, to assess the value of irrigation in the production of both pasture and fodder, and is there any possibility of a breakthrough on the testing of new grass varieties that could be used under irrigation?

Mr. FITZGERALD: Yes. One of the larger and more important research activities at both the Swift Current station and the Lethbridge station is devoted to this very thing, improving new varieties of grass and the investigation and experimentation in the growth of these varieties of grass under all conditions, either irrigation or dry conditions. This is a very important research activity of our department in western Canada.

Mr. HORNER (*Acadia*): I have a supplementary, if I might break in, Mr. Chairman. Is not the P.F.R.A. with the co-operation of the province of Alberta carrying on some studies at the present time with regard to irrigation generally and the effect it plays upon a community, and whether or not it is profitable for a community, from an investment point of view, to get into the irrigation business to a greater extent.



The CHAIRMAN: May I just interject something, Mr. Horner. I take it there are no questions on pastures and if we want to cover irrigation we on do so now?

Mr. HORNER (*Acadia*): Well, Mr. Danforth asked whether there were further studies and I think there is. I think my question is in order.

The CHAIRMAN: I think under the next clause, water development service, you can cover all the irrigation projects and that. I would just like to know from the committee whether we have finished questioning on pastures if so, we could proceed with your line of question, Mr. Horner, under water development service?

Mr. HORNER (*Acadia*): Do you have anything to say with regard to irrigation studies which may be going on now?

Mr. FITZGERALD: Yes, that study is an ARDA study that was done with the co-operation of the University of Alberta, P.F.R.A. and the economics division of our department. It is finished. It has not been published yet.

Mr. HORNER (*Acadia*): It is finished though?

Mr. FITZGERALD: Yes.

Mr. HORNER (*Acadia*): Is it going to be made public?

Mr. FITZGERALD: Yes, it is going to be published as a study and it will be available.

Mr. HORNER (*Acadia*): Who is going to release it, the provincial or you people?

Mr. FITZGERALD: The provincial government.

Mr. HORNER (*Acadia*): It is in their hands now?

Mr. FITZGERALD: We had a meeting about two or three weeks ago in Edmonton to finalize the report and I imagine in the next few weeks it will be published.

Mr. HORNER (*Acadia*): I want to revert to the agricultural community. You suggested that the word "community" on page 2 of the report actually means agricultural community and I want to deal with this word for a minute or two. P.F.R.A. has carried out a number of projects beneficial to what one might say a town, small village or a small community and beneficial in a general way to the agricultural industry in the surrounding area of that town. Am I right?

Mr. FITZGERALD: That is right.

Mr. HORNER (*Acadia*): Is there any gauge or rule of thumb you follow, such as a 60 per cent benefit to the town and 40 per cent for the agriculture or vice versa?

Mr. FITZGERALD: Well in our benefit cost studies for these projects we can delineate what might be the benefits to agriculture, the farmers, as opposed to the townspeople. The point I tried to make before, Mr. Horner, was that if the benefit to the urban people is significant—and do not ask me for a percentage here—it then becomes something other than a purely agricultural type of

project. We have had some success with Treasury Board in getting some of these through. They tend to think that provision of town water supply is a municipal responsibility—they have ways and means of financing this type of thing generally through their municipal tax base—and that PFRA or agriculture generally should not necessarily be charged with providing an urban water supply, even though this same supply may help out, in a general way, the farmers of the area.

Mr. HORNER (*Acadia*): Yes, but in the creation of a reservoir—and as I say a number of them have been created in what I called the special areas—you allow the creek on which the reservoir is built to flow most of the summer; at least water can be released down the creek for general agricultural use throughout the whole summer whereas if you let the water go down the creek in the spring it is gone and finished and in the summer it is dry. Most of those creeks are dry in the summer. But if a reservoir is created it is hard to estimate the over-all actual good it will do agriculturally, but recently PFRA built one and I know it is greatly appreciated by the agricultural farmers in the area. That is on the Bullpond Indian Creek. I think you are probably aware of the dam. It did not quite fill up this year but they have certainly got a large reservoir of water there and I know it is greatly appreciated. However, if there was a town lying alongside of that one, for instance, the agricultural community could not prohibit the town from using it. In other words, you may get a licence to put a dam on a creek from the water resources board of the province but that does not really prohibit an urban area from using it too.

Mr. FITZGERALD: No. We build many dams adjacent to towns. A dam must be of a certain size probably. We do not have to build it any higher to accommodate a town and, therefore, that is looked upon by us as a purely agricultural type of project; in other words we are not spending money for urban water supplies. There are other instances though, Mr. Horner, where municipalities have asked us to build a dam adjacent to the town obviously to serve both interests and sometimes the urban interest is much greater than the rural interest.

Mr. HORNER (*Acadia*): That is true and I know you have done a lot of this. I am thinking particularly of the project around Hanna. One might say this is in the heart of an area in which water projects have played a tremendous part in aiding the community. However, that particular town needs a greater water supply and the agricultural area that the creek runs on, the Bullpond Creek, could also use a steady flow of water or a reservoir from which water could be released throughout the year. I am informed that PFRA turned thumbs down on that particular project because they felt it was too great an assistance to the town and not enough to agriculture. I am just trying to arrive at where you draw the line or what criteria you use?

Mr. BARRY: I wonder, Mr. Chairman, if I could come in at this point on this subject which is an extremely interesting one. There are various points of view with respect to this issue of town water supply versus purely agricultural water supply. Indeed, many will argue with considerable validity that many of the towns are really agricultural and that they should not be considered purely an urban matter because the agricultural community depends on the town. This is

an argument used by many and with considerable validity. Certainly, historically, PFRA has constructed many water projects which have provided a source of town water supply; there is no question about that. I fully appreciate the interest of members in this total area. I wonder if I could put it this way: We have had a bit of a changing circumstance; ARDA has entered the picture and under ARDA, theoretically, water supplies or water projects could be developed with federal assistance by a province, although, I think it is generally recognized and accepted that in so far as the western area is concerned the expertise and ability with respect to water development rests very largely with PFRA. This is the historical organization which has handled water development in the west. I wonder if it would serve to answer the question which is in your mind, Mr. Horner, and may be in the minds of other members as well with respect to this total subject if I said that in this area of decision with respect to the use of water by towns or by the purely agricultural community, and what the position of PFRA should be with respect to projects involving that multiple use, that this is an area now that we are internally—not only within the department but within the government—trying to resolve and on which we have a specific policy laid down. Pending that it is a bit difficult for Mr. Fitzgerald to be precise.

Mr. HORNER (*Acadia*): In other words, to make it clear in my mind, the government is evolving a policy right now in this regard and it should be announced shortly?

Mr. BARRY: I hesitate to be committed to a date but it is an item we are trying to resolve and develop a firm continuing policy on.

Mr. HORNER (*Acadia*): I am very, very pleased to hear this. Have you taken into consideration the fact that maybe the town does benefit to some extent but perhaps they are also prepared to put up half the money or part of the money, say, a third of the money.

Mr. FITZGERALD: It is a consideration, sir. This is one item that is in the total consideration of thinking it through at the moment, yes.

Mr. HORNER (*Acadia*): You see, ARDA is a fine project, but I think it is being stashed away and is not being used to the greatest extent it could. I have an article before me from the *Calgary Herald* which carries this headline: "Under ARDA Southern Alberta is Out; in other words, supposedly, the wages are too high and the gross incomes of the farms are too high in southern Alberta and so southern Alberta is out. But there are many towns and many agricultural communities that need assistance. They need greater water reservoirs. ARDA apparently is out because the wages are too high so there is a gap or vacuum that P.F.R.A. can still move in and operate in. I am really pleased to hear that the government is giving consideration to this. We in Alberta know that the provincial government is studying the Red Deer River project but we also know they have been studying it for a good many years and some of us who have been watching them realize that we are still 20 years away from any actual benefit from it. Even if it is developed it will not get water to all the small communities in the area about which I am concerned. The particular Fox Lake project at Hanna, I want P.F.R.A. to take a good long look at it because I know the town is in desperate need of a greater water reservoir and I know that the agricultural area, while this month of June has been pretty generous with rain,



generally dries up pretty good around the end of July and burns up pretty bad. We could do with more water on the Bullpond Creek and so on. There are two creeks really that flow out of the Hand Hills and this water should be trapped and used throughout the summer rather than left to flow down and empty out eventually into Hudson Bay. It could be put to better use. I want to see these projects given every consideration. I am pleased to hear the government is giving it thought.

The CHAIRMAN: You are suggesting that P.F.R.A. powers be expanded.

Mr. HORNER (*Acadia*): I am suggesting that P.F.R.A. be used in the broadest possible sense to develop and aid the agricultural community and I take the phrase "agricultural community" to mean the town in the area and the surrounding area, and I think Dr. Barry outlined a similar belief. I will not say any more. If P.F.R.A. is interpreted in that sense I think it can play a very major role in the years ahead in water conservation on the prairie provinces.

Mr. BARRY: I tried to use civil service caution when I said that many feel this way.

The CHAIRMAN: I would just like to comment here that many in eastern Canada wish they had such an organization to assist them with their water problems.

Mr. JORGENSEN: I think it just a little bit incongruous, you know, that you have legislation that will authorize the expenditure of several millions of dollars to water a cow and yet the needs of the human being are not recognized at all. I can perfectly understand the reason why a P.F.R.A. water policy was developed in the first instance and we all approved of it. However, I think that times have changed now and the needs have been shifting. I am glad to hear the government is giving some consideration to this matter as well because in many areas the development of a P.F.R.A. dam serves a greater recreational use than it ever could an agricultural use and yet they are being built for agricultural purposes. I know they are classed as stock watering dams and a cow never drinks out of them but still they are serving a very useful purpose in these areas. I think a very clear policy should be outlined where the authorization for the construction of the dam for whatever purpose, water conservation, town water supply, recreation or agricultural purposes should be all embracing. I would be very forward in putting forth this suggestion. As a matter of fact I would go so far that if somebody wants to draft a bill for me I would put a bill on the order paper making an amendment to P.F.R.A. to authorize this very thing.

Mr. HORNER (*Acadia*): Mr. Chairman, perhaps that is just one of the recommendations this committee could make after we are through reviewing the agricultural estimates for this year.

Mr. JORGENSEN: Oh, certainly.

The CHAIRMAN: From what I have read on P.F.R.A. I recall one time seeing where they built a watermain some 9 or 10 miles long, and Mr. Fitzgerald tells me it was partly paid by P.F.R.A. Is that right?

Mr. FITZGERALD: We made a contribution to this particular line because it will serve farmers' interests from the outlets along the line. Our contribution was related to what we would have to spend digging dugouts and this type of thing.

Mr. HORNER (*Acadia*): Is that in Vulcan?

Mr. FITZGERALD: No, that is Eston-Kindersley.

Mr. HORNER (*Acadia*): Would you still consider undertaking another project similar to that?

Mr. SOUTHAM: I would like to associate myself with the remarks that have just been made by Mr. Horner and Mr. Jorgenson regarding the expansion of benefits under P.F.R.A. so far as these community projects are concerned. I think in the administration so far the P.F.R.A. have tried to expand themselves or take full advantage of providing further service to the urban communities. I would like to see this aspect of it looked at because we in western Canada, so far removed from the beneficial tradewinds of the Pacific and Atlantic coastal areas, at times do run short of water and it is the lifeblood of our western Canada and becoming more important all the time. Now, more specifically, I would like to ask Mr. Fitzgerald a question regarding the Moose Mountain watershed area. There have been several very important dam projects developed there in the last few years, which have been greatly appreciated by the residents of these areas. Could you say what projects may be under consideration at the present time so far as future dam development is concerned? For instance, is there any further development in the Moose Creek area?

Mr. FITZGERALD: Yes, we have done a pre-engineering study of a damsite on Moose Creek and it has been listed now as one of our possible projects whenever funds become available.

Mr. SOUTHAM: Of course, the conservation is divided roughly into three areas, dugouts, stock watering dams and the larger P.F.R.A. dams. No doubt the demand and development of dugouts is progressing at about the usual rate, I presume. I have had several inquiries from people in that area who have been having dugouts dug, regarding the payment. I believe the present subsidy is \$250 per dugout?

Mr. FITZGERALD: Three hundred.

Mr. SOUTHAM: Is this money paid directly to the farmer who makes the application for a dugout or is it paid to the contractor after the dugout is finished?

Mr. FITZGERALD: No, it is paid directly to the farmer.

Mr. SOUTHAM: To the farmer?

Mr. FITZGERALD: Yes.

Mr. SOUTHAM: I had what I thought was a complaint from a certain area and it was the contractor himself who was doing the complaining. He felt that the money was paid to the farmer and then sometimes he took quite a while to get around to paying the contractor. I was wondering if there was any

supervision in the area? Are there any rules how these payments should be allocated or when they should be paid to the contractor?

Mr. FITZGERALD: Up until about three years ago we had an arrangement whereby a farmer could assign the payment to a contractor but this did not work out to our satisfaction so we made the decision that from now on we would pay directly to the farmer. It became the farmers business then to pay the contractor.

Mr. SOUTHAM: Have you had very many complaints, if any, about the slowness of the farmer, perhaps, to pay the contractor?

Mr. FITZGERALD: I think we have, Mr. Southam. Indeed, this is why we started this other scheme of having the farmer assign this money to the contractor. However, it works the other way too. The contractor would get his money and perhaps the farmer wanted some clean-up work done and he would not get it done.

Mr. SOUTHAM: Well, my comments, of course are just to try and pour a little oil on the troubled waters if there are any because I have had the odd complaint directed to me. I do not think they are too numerous; I hope they are not. I was just wondering how your department handled that to the satisfaction of the majority of people concerned.

Mr. FITZGERALD: We certainly have complaints, not frequently, but there are complaints. When our engineers goes out to make the final inspection before the money is released he frequently finds that the dugout has not been built up to standard. It is up to the farmer to get the contractor to come back or for the farmer to do it himself. Now, the farmer will not get paid until we are satisfied the dugout meets the minimum standards. I think there is always a little bit of trouble in this particular area.

Mr. SOUTHAM: Coming back to the P.F.R.A. dams, is Moose Creek the only one under consideration or contemplated for further development in the Moose Mountain watershed or have you any others?

Mr. FITZGERALD: That is the only large one. The figure there is somewhat close to \$1 million.

Mr. SOUTHAM: I do realize that the maximum potential has been pretty well developed so far as the larger dam construction in that area is concerned. As I previously mentioned, it has been of great benefit to the communities affected and I know if other areas have not taken full advantage of this particular water conservation program they are missing out because it has been of great benefit to our area. I appreciate the co-operation we have had from P.F.R.A. in this respect.

Mr. FORBES: Mr. Fitzgerald, about three years ago your department made quite an extensive survey with a view to putting in a dam at Gilbert Plains Manitoba to serve not only the little village of Gilbert Plains which I have just mentioned but the farmers living along the Valley River, a distance of approximately 30 miles. I think you went so far as to enter into negotiations for acquiring property on which to build the dam. Recently this thing seems to



have been stopped. Can you give me any idea why it was discontinued or if you intend to proceed with it?

Mr. FITZGERALD: Well, it was one of those projects that was turned down by the Treasury Board for the very reason we are talking about, because there was quite an urban content in it. I would hope through, Mr. Forbes, that that type of project could be accommodated in the new policy we are attempting to develop now.

Mr. FORBES: Well, I saw a letter associated with it that left a wrong impression and that is that it was only the town of Gilbert Plains which was going to benefit, and this is ridiculous. When this survey was made I think your records will indicate that it was serving the farmers from Gilbert Plains clear through to Lake Dauphin; and even this year, I noticed a few days ago when I was home, the water is very low in Valley River. There is a lot of stock along that river and a lot of farmers and they cannot get water by digging wells. They are quite disgusted that this thing was held up. The very fact that 800 people in the little village of Gilbert Plains would benefit a little from this supply of water is immaterial. As a matter of fact they are getting water from the river by a very small dam they put in themselves, and it would continue to serve their purpose. I would certainly like to see this project continued.

Has your department been requested by the province of Manitoba to develop what they call the thousand acre bog southwest of Grand View.

Mr. FITZGERALD: Is that a drainage problem.

Mr. FORBES: No, it is a water conservation problem, again to supply water down the Pleasant Valley Creek. A dam was to go in on the thousand acre bog to provide water down the Pleasant Valley Creek for a distance again of over 20 miles to farmers living adjacent to it with livestock.

Mr. FITZGERALD: To my knowledge, Mr. Forbes, there was no request from Manitoba for that project.

Mr. FORBES: Thank you.

The CHAIRMAN: Thus far, I would make one comment and that is I can readily understand why P.F.R.A. is being very cautious on supplying village with water because if they knew how much hellery members of Parliament from eastern Canada were raising because they were not getting federal assistance for water for their villages I think you would understand why they are being cautious on this.

Mr. HORNER (*Acadia*): Mr. Chairman, we never suggested at any time that P.F.R.A. supply water solely for a village. We just wanted them to accept the broad concept that an agricultural community may well have a village in it.

The CHAIRMAN: I go along with this theory 100 per cent. I have never been successful in impressing the proper people that this should be done in eastern Canada too. I realize also there are more farmers apparently in western Canada than ever that actually live in these small villages and towns and this is their home.

Mr. FORBES: That is right, Mr. Chairman. That is the main point, they do live in the villages and farm from the villages.

The CHAIRMAN: That makes it better for services.

Mr. WATSON (*Assiniboia*): I should like to associate myself with the idea that P.F.R.A. is considering extending water to communities. Referring to this article Mr. Horner had, is Mr. Fitzgerald familiar with a problem we had down in the Bengough area. This article says recreational projects can only be assisted in underdeveloped areas of the province. Do you do an economic survey of an area in conjunction with planning a dam possibly or a dougout for water purposes pertaining to recreation?

Mr. FITZGERALD: No. Well, let me put it this way; we justify projects solely on their agricultural content. Even though we may be aware it will have a recreational use that does not become a factor of justification so far as we are concerned.

Mr. WATSON (*Assiniboia*): Would this have a direct bearing then under the ARDA program?

Mr. FITZGERALD: It would if recreation as an industry would help out the local area in terms of providing more employment and that type of thing. ARDA does not, to my knowledge, authorize funds to build recreation facilities per se, only if they are related in some way to the development of area in providing more employment and that type of thing.

Mr. WATSON (*Assiniboia*): Would ARDA take into consideration the distance of areas, I am specifically thinking of the southern part of Saskatchewan where the closest water facilities for recreation would be along the Qu'Appelle River north of Regina, and this would be possibly better than 200 miles. Do you feel that this should be a consideration in giving people in that community some recreation. Would the distance from a resort not justify the point being stretched? I see here they also refer to wages being less than \$3,000 and farm grosses of under \$4,000. I would not be surprised if this particular area came into this category.

Mr. FITZGERALD: To answer your question again, Mr. Watson, I think that if it was eligible for ARDA money it would be made eligible in relations to what that particular recreation project would contribute to the economy of the local area. I stand to be corrected here but I do not think it would be eligible for ARDA funds merely to provide recreational facilities for people in the area. If there was a potential here for employment of local people in operating services associated with this recreational facility then it might be eligible for ARDA funds.

Mr. HORNER (*Acadia*): Would you not agree, though, Mr. Fitzgerald, that one of the main aims of ARDA generally is to raise the standard of living in a given area? Take an area which is several hundred miles from any major recreational facility; would you not agree that with today's standard of living this goes hand in hand. By providing a reservoir or a lake which would have agricultural benefit and recreational benefit would not ARDA be raising the standard of living for those people who because of their job, have to live several hundred miles from recreational facilities.

Mr. BARRY: Mr. Chairman, I am sure that members can appreciate that it puts Mr. Fitzgerald in a rather difficult situation to have to interpret ARDA policy in these matters.

Mr. HORNER (*Acadia*): Well before Mr. Fitzgerald said recreation was not considered. I want him to look at it from the broad concept of raising the standard of living. This is what we are trying to do.

Mr. FITZGERALD: Actually, in so far as PFRA projects are concerned we recognize that when any substantial water reservoir is constructed that it has some recreational use as an incidental to it. Mr. Jorgenson mentioned that. Indeed, sometimes this causes a little bit of difficulty when people are using it and object if we lower the water for other purposes.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I do not want to leave any impression that I have not had the fullest co-operation from Mr. Fitzgerald or this because I have. I think the people of the community realize this also.

The CHAIRMAN: Can you tell me one thing, Mr. Watson; do you get the water for irrigating your land out of a project such as this?

Mr. WATSON (*Assiniboia*): I am a dry land farmer.

The CHAIRMAN: You told me you irrigated pasture at one time.

Mr. WATSON (*Assiniboia*): I am a dry land farmer but I do use dugouts.

Mr. JORGENSON: I just have one final question.

The CHAIRMAN: I interrupted Mr. Watson; I am sorry. You were trying to finish a question.

Mr. WATSON (*Assiniboia*): Well, I have just another word on ARDA. My understanding that part of the ARDA program, when it was originally set up was to take care of recreational facilities or to assist in them. I am just trying to determine whether they have any assistance for recreation and I am not thinking of where the big water supplies are. They may come into the picture here, but I feel that if they do not go into these far off communities where there are no facilities then it is really of no benefit.

The CHAIRMAN: I would point out again what Dr. Barry started to outline here, that ARDA policy or programming is beyond the scope of PFRA.

Mr. WATSON (*Assiniboia*): Is ARDA appearing before us at some time?

The CHAIRMAN: We have the right to have ARDA before the committee if it is directed by the House. We have not been directed by the House to deal with ARDA at this time. I am sure that this could be arranged without any great difficulty because I have talked to the minister in charge of ARDA and he would be quite happy to have them come before the committee.

Mr. HORNER (*Acadia*): I would like that, Mr. Chairman, I think it is very important.

The CHAIRMAN: I think from what Mr. Horner has said earlier too, PFRA certainly has some advantages over ARDA and if it was expanded a little bit in some of these areas it might prove beneficial. We know ARDA's figures on



gross and net income are not even ditch diggers' wages so far as a great many people in Canada are concerned.

Mr. JORGENSEN: May I ask a question about PFRA? In 1961 PFRA were considering the possibility of extending assistance to farmers who were not in areas where dugouts were practical and in fact were in areas where there was a source of underground water supply. I wonder if Mr. Fitzgerald could tell me just how far they have progressed with this program?

Mr. BARRY: I would say it is not in the process of a final determination as to whether they will or not. But as yet that final determination has not yet been made, Mr. Jorgenson.

Mr. JORGENSEN: Well fine; I will not press you as to what that determination is going to be. I will wait and see. I will contain myself.

Mr. DANFORTH: Mr. Chairman, I had a supplementary question following along the line of Mr. Watson's question where we have PFRA and ARDA overlapping. I am sure the witnesses are well aware the government is developing or starting to develop a real interest in water conservation on a national basis. May I ask if there is any conference, proposals or undertakings in this department to group PFRA, ARDA and northern resources under one broad policy of water conservation.

Mr. BARRY: In respect of the total area of water conservation the only specific field of involvement of the Department of Agriculture is in western Canada through our P.F.R.A. operation. We have nothing else comparable to that. There is now under development a comprehensive study with respect to the Saskatchewan-Nelson basin which takes in almost the total water system of the western plains. In this there will be collaboration between the new Department of Energy and Resources, the Department of Agriculture through P.F.R.A. and the provincial interests. It is only in respect of the western P.F.R.A. area in which the Department of Agriculture would be specifically involved in the total area of water conservation.

Mr. DANFORTH: It will deal solely with the specific projects rather than an over-all policy?

Mr. BARRY: The Saskatchewan-Nelson basin study is really an over-all water study policy for the western region because this encompasses virtually the whole of the water supply in the west apart from what comes up from the Red and that way; but it involves all the waters flowing off the Rockies and entering the Saskatchewan-Nelson basin. Indeed, I suppose the Red does too, through the lakes and up into Hudson Bay.

Mr. DANFORTH: Mr. Chairman, this is a supplementary I had directed on Mr. Watson's question. I have other questions of a general nature but I am not sure when my turn is and I will pass.

The CHAIRMAN: You are free to ask further questions at this time.

Mr. DANFORTH: Mr. Chairman, I am well aware there are some very major water projects in the process of construction in the west, and I speak specifical-

ly of the South Saskatchewan dam. I am sure we all realize here that there is tremendous potential so far as irrigation is concerned with a project of this magnitude. May I ask first, if irrigation connected with a project of this nature is under the definite control or development of the provincial authority or is it under the federal authority?

Mr. FITZGERALD: The provincial authority.

Mr. DANFORTH: We have nothing other than the initial agreements then to work out with the provincial authorities. Has any control so far as the federal government is concerned in these initial agreements that a definite amount of development has to take place within a specified number of years? There must have been some tie in when the government was going into a project of this magnitude and spending the tremendous amount of money that is projected here. I see a figure of \$110 million. Are you aware of any commitment for development in this particular area?

Mr. FITZGERALD: Yes. The 1958 agreement which covers the construction of the South Saskatchewan Dam project stipulates that the province of Saskatchewan will have 50,000 acres of irrigation ready by the time the project is completed. The completion date of the actual construction is this fall but the reservoir will not be filled up to the level that it will permit the province to pump for irrigation. So, they have, in effect, two more years to develop this 50,000 acres of irrigation.

Mr. DANFORTH: Are you aware of any studies that have been made or any projections that have been made as to the total number of acres that could eventually be brought under irrigation from this one project alone?

Mr. FITZGERALD: The original figure was 500,000 acres. That has been reduced to about 300,000 acres now they have done the final soil classification. This is 300,000 acres that could be irrigated by gravity from the South Saskatchewan project.

Mr. DANFORTH: This is strictly a gravity proposition. Has there been any thought given to a mechanical irrigation sprinkler?

Mr. FITZGERALD: Well I daresay there will be considerable sprinkler irrigation because under certain conditions sprinkler irrigation will pay, that is, if your land is rough or it cannot be reached by gravity. With regard to the Saskatchewan project though they are now thinking more in terms of gravity than they are in respect of other irrigation.

Mr. DANFORTH: May I, Mr. Chairman, approach this in another manner. Are there any restrictions at the present time on farmers on both sides of this tremendous reservoir, this river system that will be developed, or will there be any restrictions on farmers using that water for irrigation by mechanical means?

Mr. FITZGERALD: I do not think there would be, no. If the water is available in one of the canals or one of the ditches then, if the farmer wanted to use sprinkler irrigation, so long as he was able to obtain a water right he would pay for what water he took.

Mr. BARRY: Excuse me, Mr. Danforth but were you referring to farmers with land adjacent to the reservoirs rather than on the calanls?

Mr. DANFORTH: Yes; I am not speaking of the particular tract that is being developed as a specified area for irrigation. I am speaking of the rights of the farmers adjacent to the entire watercourse.

Mr. BARRY: Whether or not they come under the irrigated area?

Mr. DANFORTH: Yes, whether or not they do come into an irrigated area.

Mr. BARRY: Along the whole length of the reservoir?

Mr. DANFORTH: Yes, this was my question.

Mr. FITZGERALD: Well in the development of the irrigation system the water will flow alongside each farm property. If the farmer wants to irrigate by sprinkler or by gravity, this becomes the farmer's business.

Mr. BARRY: But Mr. Fitzgerald, is there any restriction—and I think this is what Mr. Danforth had in mind—not to farmers who would be adjacent to the irrigation canals which flow out of the reservoir but farmers along the length of the reservoir. Is there restriction with respect to the use of water by them? Is that your point, Mr. Danforth?

Mr. DANFORTH: Yes.

Mr. FITZGERALD: No, I do not think there would be.

Mr. DANFORTH: This might have quite a bearing eventually on the use of the water in the reservoir itself. For example, there are in our area, irrigation pumps that pump up to 100,000 gallons of water an hour and a number of these operating along a length of 100 or 200 miles could make quite a variance in the water level of the reservoir itself. I just wondered if there is any restriction.

Mr. FITZGERALD: This would all be pumping out of the reservoir. It would not be by gravity?

Mr. DANFORTH: Yes.

Mr. FITZGERALD: I am doubtful there would be any restriction, Mr. Danforth. The supply of available water in that reservoir, is very, very large and the amount of sprinkling that would be done by pumping from the reservoir itself would be rather insignificant in relation to the total amount of water that would be available for irrigation generally. I would say there would not be any restriction.

Mr. DANFORTH: That is a very interesting development.

Mr. FORBES: Mr. Chairman, I understood that there was some resentment from the farmers living along the Saskatchewan River being included in what you might call a designated irrigated area. Now is this resentment continuing or is it due to a special tax levy on these farmers for irrigation purposes or what is the problem?

Mr. FITZGERALD: I wonder, Mr. Chairman, if I could refrain from answering that question because it is a very delicate political issue in the province at the moment. I am not completely familiar with what their policy is.



Mr. FORBES: You mean you have politics in Saskatchewan too?

Mr. FITZGERALD: If I could, I would rather not comment.

Mr. FORBES: Is this irrigation part being developed by the province? Is it their responsibility or is it yours?

Mr. FITZGERALD: It is solely their responsibility.

Mr. FORBES: It is solely the province.

The CHAIRMAN: As it is a provincial responsibility I think it is unfair to pursue that.

Mr. BARRY: I think perhaps, Mr. Fitzgerald, meant to say it was a very delicate administrative problem rather than a delicate political problem.

The CHAIRMAN: I think we understand what he meant. Are there any other questions on small water projects.

Mr. HORNER (*Acadia*): I have one question before 12 o'clock, Mr. Chairman. Has the Alberta government made any overtures toward PFRA with regard to the development of the Red Deer River diversion scheme? In other words, are they now in the process of trying to reach an agreement with the federal government with regard to cost sharing on this project?

Mr. FITZGERALD: Mr. Horner, the Red Deer project is now a part of the total prime project, the Prairie Rivers Improvement—I forget what that stands for. Alberta, I think, are studying the whole package, of which the Red Deer diversion is merely one part.

Mr. HORNER (*Acadia*): So they have not got down to any cost sharing arrangement on that particular project?

Mr. FITZGERALD: No.

Mr. MCLELLAND: I was just wondering whether we were up to the South Saskatchewan River dam. I would like to ask a couple of questions on that.

The CHAIRMAN: There have been several questions on that so I think it is in order.

Mr. MCLELLAND: We know the PFRA have bought land that is surrounding this reservoir which will never be covered with water. The only time some of it ever would be covered with water would be, I understand, when the water at the dam is less than 13 feet from the top—if it ever does get that full, but beyond that it would never flood the land any way. Now they have control of this land. They have bought it but the farmers are renting it on a crop share, one-sixth basis. Have they a policy for the future? Will these farmers just be able to continue along with this land indefinitely. Suppose the water never does cover it, and even if PFRA tells them they can no longer put this land into crop because the water might cover it, will that land just lie completely idle or are they going to have a chance to go in and farm it later on? What would be the policy governing this? There are quite a few hundred acres involved in this?

Mr. FITZGERALD: First of all, we had to buy land we actually did not need because it was part of a whole farm. We, of course, turned the whole project over to the government of Saskatchewan, all of the work including all of the

land, and I suppose it would be up to them to develop a policy with respect to use, whether it is going to be re-sold or leased.

Mr. McLELLAND: These farmers are paying a portion of their crop directly to the Crown now. I presume they will be told by PFRA that they can no longer farm it at some particular time. Now, I do not know when this is going to be. They do not know when this is going to be. They are more or less making an agreement year by year. Is PFRA eventually going to turn it over to the province?

Mr. FITZGERALD: Yes.

Mr. McLELLAND: Well then, will these same tenants have to negotiate strictly with the province then?

Mr. FITZGERALD: That is right.

The CHAIRMAN: It will all be under provincial administration then, Mr. Fitzgerald?

Mr. FITZGERALD: That is right.

Mr. McLELLAND: Well, this irrigation land as of now is under the provincial jurisdiction. The ditches are under way now and this is all strictly provincial. But this crop which is coming off this fall is still being made payable to the Crown. Now next spring they will have to renegotiate again. In some of these cases they did not know until quite late this year whether or not they would be able to farm it. We all know they are going to be able to farm it for years.

Mr. FITZGERALD: Actually the agreement the farmers had is with us, PFRA, not the province as yet.

Mr. McLELLAND: You have not a date when you are going to turn that all over to the provincial government?

Mr. FITZGERALD: When the project is finished, it will be turned over to the government, I suppose, some time next year. When I say the project I am talking about everything that we have acquired and constructed, which will be turned over to the province.

Mr. McLELLAND: That will take in this land too? This will automatically go to them?

Mr. FITZGERALD: We have not been able to enter into any long term lease with these farmers for that reason. We cannot anticipate what the policy of the province of Saskatchewan might be with respect to this type of line.

Mr. McLELLAND: So any person inquiring about this will have to be told they will soon have to start negotiating with the provincial government then? We are acquainted with the situation and some of this land never will be flooded.

Mr. FITZGERALD: Well they will be the owners of the property.

Mr. McLELLAND: The provincial government will own it?

Mr. FITZGERALD: The provincial government will, yes.

The CHAIRMAN: I think we will adjourn now until 3.30 this afternoon, at which time we will continue on with P.F.R.A.?

Mr. BARRY: Mr. Chairman, if the committee completes P.F.R.A. early in the afternoon, do you wish to continue with something else in the department?

The CHAIRMAN: Oh yes.

Mr. BARRY: We will continue with something else, the health of animals or some other subject.

Mr. JORGENSEN: Well, I understand that there is feed grain.

The CHAIRMAN: That is what I wanted to say, as long as there is no legislation before the House, I have no way of knowing when that will come before the House, unless you are aware of it Dr. Barry?

Dr. BARRY: No. I understand the crop insurance bill may be up later today but at what time I do not know.

The CHAIRMAN: I have asked to be kept informed and I had hoped we could finish P.F.R.A. and proceed with some other business until such time that we are informed the crop insurance or other legislation concerning agriculture is before the House, because the committee members here do not want to be here when legislation is before the House.

The committee will adjourn to the call of the Chair.

#### AFTERNOON SITTING

The CHAIRMAN: Well, I think we will start the meeting. There are several members whom I talked to who will be here shortly.

Mr. FITZGERALD: Mr. Chairman, I would like to clarify an answer that I gave this morning to a question that was asked about the disposal of lands that are in excess of budget requirements in the province of Saskatchewan. I answered that these lands would be given to Saskatchewan when the project be handed over to them. I understand this is not quite right. There is not complete agreement within the South Saskatchewan River Development Board as to the disposal of these lands. I have to qualify my answer by saying that as yet a firm policy has not been established in this regard.

The CHAIRMAN: Thank you, Mr. Fitzgerald.

Mr. DANFORTH: Following the line of questions we had this morning, Mr. Chairman, there was one that I was interested in where it stated that the P.F.R.A. operates six irrigation projects of about 25,000 acres fully developed for irrigation. I understand the basic purpose of these, but may I ask how they are set up and how they are operated?

Mr. FITZGERALD: These are projects where Canada owned the land, acquired the land, and developed the main works to irrigate 40-acre plots which



have been assigned to farmers on which they grow fodder for their livestock. The whole purpose of the project is to assure a winter feed supply in this particular area.

Mr. DANFORTH: Is this a gravity irrigation project in its entirety?

Mr. FITZGERALD: In its entirety, yes.

Mr. DANFORTH: Is this a continuing process, or is this something that was conceived and when the 25,000 acres were utilized it was the end of the project? Is this being spread through the three provinces, or is it confined to one particular area?

Mr. FITZGERALD: It is confined to one particular area because of the peculiar problem they had years ago with respect to winter feed supplies. We have developed all of the water potential in that particular area. I question whether there would be any more water available in the area to irrigate more than what is now irrigated in that area. So the limits of that project I think have been reached pretty well.

Mr. DANFORTH: I can understand that it would certainly be one of the finest insurance policies that could be developed for this particular type of farmer. Why was this not used in other areas? Was it limited by sources of water or was it limited by government funds? What placed the limitation on this so that it was confined to one particular area? When you take 25,000 acres out of those three western provinces it is just a drop in the bucket. What I wonder is why was it limited?

Mr. FITZGERALD: I think it first of all was to satisfy a rather dire need of winter feed in that particular area, and P.F.R.A. have developed irrigation of course in the province of Alberta. There is a large tract of irrigation there. I cannot answer the question why this has not been duplicated elsewhere in the province. I would suggest though that one of the reasons is the actual availability of water and the need for irrigation in an area where you do not have an assured winter feed supply otherwise.

Mr. DANFORTH: Is this a joint project between the province and the federal government like so many are? Does the initiative have to come from the provincial government?

Mr. FITZGERALD: Normally it would. In that particular case the federal government took the leadership. Now, we are going back to the late thirties when it was a question of the federal government taking much more leadership than we do now. When a project of this kind is undertaken by P.F.R.A. it would be at the request of the provincial government.

Mr. DANFORTH: Mr. Chairman, I do not wish to be difficult in this, but I am still trying to get at the limiting factors. Could it be that the amount of forage produced does not merit the financial investment necessary; would this be a limiting factor?

Mr. FITZGERALD: Not necessarily. I cannot, myself, think of another area on the plains where winter feed supply is a critical problem and where there is water that could be made available for irrigation of winter feed crops.

Mr. DANFORTH: I have one further question at this time, Mr. Chairman, and it is something that I am very much concerned about. It seems to me in the various fields in agriculture we are getting into the duplication of effort, responsibility and financing as between provincial and federal governments. Not only to that, but we have various agencies on provincial and federal levels which further complicate the thing. Now, this was brought out in the evidence on P.F.R.A. and crop insurance. To pursue my line of questioning this morning, we have answers to questions indicating the fact that there is a duplication to a degree in ARDA in providing conservation in water, and P.F.R.A. in providing conservation in water. We have both the provincial governments and the federal government involved with perhaps three different basically conceived programs. Now, in the House we hear of the interest of the Department of Northern Affairs in the development and the study of conservation, especially of water. I am wondering just where we are heading, and that was the basis for the question this morning, have there been any preliminary talks in this regard in the Department of Agriculture and the Department of Northern Affairs, and all other departments that are involved. Are we going to see a time when the P.F.R.A. will no longer be administering this policy? It will be divided between northern affairs and ARDA projects. Just where are we heading in this program? I appreciate, Mr. Chairman, that the witnesses certainly cannot foresee government policy or the planned program of any particular government. But certainly through the activities that are going on today they must have some idea of what the over-all plan, as conceived at the departmental level, is in this regard.

Mr. BARRY: I can appreciate that, with the interest of various agencies in a similar resource, this does suggest the possibility of duplication. I would like to suggest that it probably is more one of an apparent duplication where it may exist because of these varying responsibilities or varying authorities than in actual fact. I suppose the Department of Resources and Energy, the new department, would from a national standpoint, be the prime committee and agency in resource development, including water. I mean I think this would be accepted. I would not think that this would necessarily impinge on the specific area of PFRA interest of engineering for water supplies for agriculture for western Canada. PFRA's operation, of course, has involved planning, but it has also involved to a large extent actual engineering and supply of water rather than the total area of resource planning as such. Again ARDA was conceived to some extent to provide nationally what PFRA historically has provided in the specific area of western Canada. But I am not aware, and Mr. Fitzgerald can correct me on this, that ARDA has specifically become involved in water projects in western Canada? Am I completely correct on that?

Mr. FITZGERALD: Except for the area of drainage projects.

Mr. BARRY: So that while looking at their respective authorities one may say that there is duplication here; In fact, it just does not work that way. I think we each take the field which, historically or by statute, is ours, and I suppose by this very illogical human process avoid anything in the way of serious duplication. Now, what PFRA's long term role may be, it is difficult to forecast, actually. Certainly, I would expect, in the total area resource planning, as I have said, the Department of Resources and Energy would be the prior

Canadian agency nationally, on a national basis. But giving as a personal opinion, I would not expect that PFRA's historical place in water development in western Canada would be altered greatly.

Mr. DANFORTH: Mr. Chairman, I am quite interested in the remarks as I was in the remarks of Mr. Jorgenson and Mr. Horner this morning. It is my personal opinion that the Committee itself must be very much more concerned about this national resource of water than perhaps it has been in the past and that it should avail itself of the opportunity of making definite recommendations along this line.

Now, I have found in my experience, especially in the Department of Agriculture, when departmental responsibilities are changed back and forth, that much too often, we lose not only the personnel with the definite experience and the ability, but we lose sometimes years of experience that is invaluable. I think that perhaps the time has come, when there is this tremendous interest in the conservation, especially of water, and clean water, for the Committee should make definite recommendations to see that an agency such as this does not in fact lose its identity but is extended in scope and responsibility to look into this entire question. I just feel it is unfortunate indeed, Mr. Chairman, that this type of approach, where men have the experience of dealing with areas, this type of influence, has not been extended eastward into Ontario and Quebec where we are just now becoming acutely aware of the fact that we may be faced with some of the major problems that the west has been fighting for years.

This is the basis of the questions I have been asking in regard to the future of PFRA. I feel that this Committee should definitely go on record as not only supporting this work, but expanding it as was projected this morning. Certainly human resources should be placed on at least an equal category with the production of livestock and forage in all these considerations. It is my opinion that the Committee will take a careful look at this entire picture before a recommendation is made to the government in this regard. I pass, Mr. Chairman.

Mr. HORNER (*Acadia*): The paper says you operate six irrigation projects. I take it from this you maintain the irrigation canals, the dikes, and so on, every year.

Mr. FITZGERALD: Yes.

Mr. HORNER (*Acadia*): These projects are not self-sustaining by any means, are they, or am I wrong?

Mr. FITZGERALD: No. We are still in a deficit position. However, every year we are raising the rates for water by 25 cents per acre foot to get them up to a figure of \$2.50. This we are quite sure will cover our cost of operations.

Mr. HORNER (*Acadia*): That is \$2.50 per acre?

Mr. FITZGERALD: Per acre foot, yes.

Mr. JORGENSEN: Do you retail this water to the individual farmer, or do you wholesale it through the irrigation district?

Mr. FITZGERALD: We wholesale it to the irrigators, sir.



Mr. HORNER (*Acadia*): The irrigation district.

Mr. FITZGERALD: The individual irrigators in this case, because there is no district. When the rates are sufficiently high so that the project itself will be self-sustaining, at that particular point we hope that the farmers will organize into a district and take over the project.

Mr. JORGENSEN: Are there not various irrigation districts in southern Alberta?

Mr. FITZGERALD: In southern Alberta, yes, I thought you meant the ones in Saskatchewan.

Mr. HORNER (*Acadia*): I am talking about the six projects in Saskatchewan.

Mr. FITZGERALD: No, they are not organized as irrigation districts as yet.

Mr. BARRY: Excuse me, may I just add that in the case of Alberta we do wholesale it, Mr. Jorgenson.

Mr. HORNER (*Acadia*): Mr. Fitzgerald, you said you are not aware of any other project or any other areas in which there was a scarcity of winter feed and a supply of water, and I could not let that go unchallenged.

Mr. FITZGERALD: Well, readily available, I said, I think.

Mr. HORNER (*Acadia*): Well, you might have added readily available. I would like to bring to your attention that there is a vast area in east central Alberta that essentially has a scarcity of winter feed. In fact, two years ago we had one of the worst storms and winters we ever experienced and a lot of feed was shipped into the country. A lot of cattle were lost, too, because of the scarcity of feed. I would not say the country was completely without water. P.F.R.A. have done a tremendous job; we have got some of the creeks dammed up, and there are some irrigation projects in the area because of assistance from P.F.R.A., but P.F.R.A. does not really operate any irrigation district, or any irrigation project in the area. I would hope that in your studies and searches for areas that this area in particular is kept in mind because the winter feed necessity is there and the water is there and the land is there, and if we could just get the three of them together with the right amount of cattle, I think it would be a great deal better.

The CHAIRMAN: If I may say, Mr. Horner is amongst the cows!

Mr. FITZGERALD: Mr. Horner, I think there has been a significant increase of small irrigation by farmers themselves on their own dugout or a small dam in the area. I was thinking more in terms of expansion of irrigation districts as such.

Mr. HORNER (*Acadia*): This is what I was thinking of, too. Actually, I hope we are irrigating at home right now, today. I have a small dam the P.F.R.A. gave some assistance on many years ago, but this is what I was thinking too. I was quite interested in the fact that you operate six projects in Saskatchewan and, actually they are small projects, they must be to total only 25,000 acres. There is an irrigation project, not too far from where I live; but there is room for many more, if we could, as I say, just get the water, the land and the feed resources together, and with enough finances. With reference to a dam or

reservoir water, Mr. Fitzgerald, is P.F.R.A. responsible for the damage to the and they flood?

Mr. FITZGERALD: As a result of constructing a reservoir?

Mr. HORNER (*Acadia*): Yes.

Mr. FITZGERALD: Yes. Part of our cost, of course, is acquiring land to eliminate the possibility of our being responsible for damages for flooding. So the answer to that question is that we always acquire enough land in further reservoirs to ensure that we will not be subject to any damages. Invariably we lease back the land that may be flooded to the farmer from whom we purchased it so that if it is farmable in any particular year it will be farmed.

Mr. HORNER (*Acadia*): There have been continuing complaints around the one particular project called the Carlside dam, and I just bring this up as an example, I just wondered whether this had been fully dealt with. I do not suppose you recall the complaints as this was a number of years ago, but I do not think they were ever settled to the satisfaction of the farmers, but as I say I am not going to pursue this argument as long as I know who was responsible for it, and the P.F.R.A. are actually responsible.

Mr. FITZGERALD: We are responsible up until such time as we turn the project itself over to the province.

Mr. HORNER (*Acadia*): Oh, this is the key. This project is turned over to the province now.

Mr. FITZGERALD: Well, if it is, if there was flooding as a result of our works, it should not have been turned over to the province until this problem was resolved. I was not aware that there was damage at the Carlside. Is this where they got the new spillway two years ago?

Mr. HORNER (*Acadia*): Yes.

Mr. FITZGERALD: The new spillway may—

Mr. HORNER (*Acadia*): No, not because of the new spillway, but because of the dam itself built nearly 20 years ago.

Mr. FITZGERALD: That is right. The new spillway is the solution to the problem, is it not?

Mr. HORNER (*Acadia*): Oh, yes, I know. I have no real complaints about the new spillway. I do not know of anybody who has. I will forego any further question, Mr. Chairman. I think the witness has been very fair and we have had a pretty good go this morning.

The CHAIRMAN: Has anyone else any further questions, then?

Mr. DANFORTH: I have two further questions. I was quite interested this morning when I asked about the development end of project studies on the expanding of production of forage, and one thing and another. I think the evidence was given that there was a study in process called the Nelson-Saskatchewan study, that involved that entire area. Was that my understanding?

Mr. FITZGERALD: Yes.

Mr. DANFORTH: May I ask some questions based on this. Who initiated this study? Is this under the resources board, or is it a joint effort between the resources and the province, or who initiated this study?

Mr. FITZGERALD: The study was initiated, Mr. Danforth, by the prairie provinces water board. This is a board which consists of a chief engineer from each of the provinces, plus a senior engineer from the Department of Energy and Resources and myself as chairman. Our responsibility is to allocate the waters that flow between provinces in the prairies to various projects. Now, in the course of allocating water to irrigation, for example, in Alberta, we knew that demands for water for irrigation, municipal supply, and this type of thing are bound to increase and we did not have any real good information with respect to the total quantity of water that may be available in the basin itself either through upstream storage or through diversion works, and this type of thing. So we recommend as a board to the four governments involved that a comprehensive study should be made of the potential supply of water in the basin, and it is the governments acting on this recommendation of the board that has resulted in their approving this Saskatchewan-Nelson basin study which we hope will be under way fairly shortly.

Mr. DANFORTH: Is it under the jurisdiction of the board or under whose jurisdiction is the study being made?

Mr. FITZGERALD: Well, the ministers concerned decided that we should establish a different board to handle this study. The prairie provinces water board is merely an advisory type of organization to governments. It is not as such involved in this type of study. The decision was made that for this type of study a separate board should be established.

Mr. DANFORTH: Are you familiar with the composition of the actual board making the study? My interest is in the degree to which the P.F.R.A. personnel are involved, with their experience. This is what I am trying to get at. This board is naturally doing the study. Is it composed of men, engineers, from the P.F.R.A., or men who are familiar with this type of work, or private geologists or hydrologists, or what is the composition of the actual board doing this study?

Mr. FITZGERALD: Well, the board will consist, as I mentioned, of representatives from three provincial governments, energy and resources and agriculture. The ministers made the decision that the headquarters of the board would be located in P.F.R.A., assuming as the Department of Agriculture's contribution P.F.R.A. would make available all its records and indeed some of its staff, and would the federal departments as well as the provincial government. Much of the work, much of the study itself, the topographic study, the various hydro-metric studies will have to be carried out probably by private concerns.

Mr. DANFORTH: Certain specific fields.

Mr. FITZGERALD: That is right, yes.

Mr. DANFORTH: As I understand this, then this board is under an advisory board of which you are the representative from P.F.R.A.? Am I correct in that assumption?

Mr. FITZGERALD: The actual people to the board have not as yet been named. The decision has been made, but there will be one representative from



the Department of Agriculture, presumably from P.F.R.A., one representative from the Department of Energy and Resources and one representative from each of the three prairie provinces.

Mr. DANFORTH: Mr. Chairman, the actual workings of the study have not yet actually got under way?

Mr. FITZGERALD: Not yet, no.

Mr. DANFORTH: The whole thing is just in its conception stage at present.

Mr. BARRY: In the organizational stage. As for the board itself, the Saskatchewan-Nelson study board will not itself do the actual study work. They will allocate it out. Some will be done probably by P.F.R.A., naturally, some by private consultants. They will determine what work needs to be done, what present data are available from various sources, how these can be supplemented and how to get supplementary work done. So this will be the board's broad—

Mr. DANFORTH: The report will be made back to the four governments concerned.

Mr. BARRY: That is right.

Mr. DANFORTH: Have you any estimation of how long this study will take?

Mr. FITZGERALD: We estimate it will take three years and will cost something like \$5 million to do.

Mr. DANFORTH: For the entire study. This will include the three provinces?

Mr. FITZGERALD: That is right.

Mr. DANFORTH: Thank you Mr. Chairman.

The CHAIRMAN: Thank you, Mr. Danforth. Are there any further questions?

Mr. FORBES: Could I ask a question in connection with the Shellmouth dam. I visited the lookout area a week ago last Sunday. There were quite a number of people there; probably 25 or more drive up to this lookout to look over and there is nothing to see except some dirt they are putting in for the base of the dam. I was wondering if you could have a directory up there indicating some dimensions of the dam, and this type of thing, as a source of information for the people who go up to look it over. If I recall correctly, you had such a board at the Saskatchewan River dam.

Mr. FITZGERALD: Yes, Mr. Forbes. Included in the budget for this year are directional signs, for example, at all major highway junctions pointing the way to the dam. If I remember correctly, we are also doing something in the way of having an observation point fixed up at the dam site.

Mr. FORBES: There is one. But there are no directions. You go up there and it is absolutely bare, and there is no board indicating any dimensions of the dam, or anything else about it.

Mr. FITZGERALD: I am quite sure that provision is being made for that board for this year.

Mr. FORBES: That is a good thing because a lot of people are interested in it. Could you tell us something about the progress that is being made on it and the possible completion date?

Mr. FITZGERALD: The completion date for the dam is the early summer of 1968. The bulk of the work will be done by the fall of 1967. Our timing on this is related to the diversion works that Manitoba are building from the Portage into Lake Manitoba, and the scheduling is for both of these projects to be completed in 1968.

Mr. FORBES: Thank you.

The CHAIRMAN: One thing that I wanted to ask a question on and I have not figured out in my mind yet was this morning I think you said, Dr. Barry, that you were considering exploring for underground sources of water. Did you mean you would be drilling for water? How far has this gone?

Mr. BARRY: The question I think, Mr. Chairman, was whether as a P.F.R.A. policy we would financially support the drilling of farm wells for underground water supplies as an alternative to dugouts in areas where dugouts do not quite serve the purpose. There are areas where dugouts do not quite serve the purpose. My reply, sir, was that this was now under consideration. We have not yet reached finality of the decision on it, but this was the point.

The CHAIRMAN: You mean you would contribute a similar amount of money that you would to a dugout?

Mr. BARRY: This is the principle of the proposal, yes.

The CHAIRMAN: One other thing, at the bottom of the estimates on page 37, it lists the expenditures for 1963-64, 1964-65, estimated for 1965-66, and then it estimates the revenues. Is this what the federal government spends?

Mr. BARRY: Yes, that would be federal expenditure, sir.

The CHAIRMAN: Then what they intend to get back is what they spend in the same length of time. If my figures are right they spent in those three years \$69,840,417 and received back in estimate revenue \$12,997,467.

Mr. BARRY: I think, sir, that this would have to do primarily with the South Saskatchewan dam where 25 per cent of our expenses are recoverable from the province up to a total expense of \$100 million.

The CHAIRMAN: Then your estimates for this year I notice are \$28 million and then you added \$19 million for 1966-67. Is that on account of the Saskatchewan dam?

Mr. BARRY: That is probably because of the phasing out of the Saskatchewan dam. The South Saskatchewan dam in 1965-66 was \$19 million and this present year it is \$10 million; this is the primary reason there.

The CHAIRMAN: Then one other question on the distribution of personnel. It says Alberta, 234—this is on your chart on the back of your submission to the Committee—Saskatchewan, 882, and Manitoba, 91. How many of these people would be professional? Have you a breakdown on that?

Mr. HORNER (*Acadia*): Mr. Chairman, it is terrible the way you prolong this Committee.

The CHAIRMAN: I am trying to decide in my own mind how much pressure I should put to bear to try and convince the federal authorities and federal government that something like this should be done for eastern Canada.

Mr. HORNER (*Acadia*): This is another thing east versus west.

The CHAIRMAN: If you noticed in the House, Mr. Horner, the other night I said that our federal policy for agriculture should be more national than it is. It is obvious today from what you have said about what Alberta does and Saskatchewan does and Manitoba does, that there are different advantages and disadvantages in these three prairie provinces on account of the administration of the act in those areas.

Mr. HORNER (*Acadia*): That is only because Alberta—and I hope this does not go on the record—does not really need any votes. They have got them all anyway so they do not care a hoot about the farmer.

Mr. FORBES: Mr. Chairman, when the member from Acadia was speaking this morning about arrigating his farm from some water supply, I was wondering if that supply of water had been subsidized by the government.

Mr. BARRY: Mr. Chairman, there is a continuing establishment for P.F.R.A. provided in the current year of estimates of 1,210 positions; 135 of those are listed as administrative and professionals. Mr. Fitzgerald tells me that we have 120 engineers. There are 702 positions listed as technical, operational and service positions and 111 as clerical, and 262 as prevailing rate. That would be more casual labour.

Mr. FITZGERALD: That is right.

The CHAIRMAN: Thank you. No more questions then on P.F.R.A.? I think it would be good if this summons was printed as an appendix to our proceedings.

Moved by Mr. Horner (*Acadia*), seconded by Mr. Forbes, that the summons presented by the department be printed as an appendix to today's proceedings. Motion agreed to.

I want to thank you very much Mr. Fitzgerald and Mr. Thisson for coming here today and explaining P.F.R.A. We appreciate this very much. Thank you.

We will now proceed with the health of animals division. On my immediate right is Dr. K. F. Wells, Veterinary Director General; Dr. Barry, Deputy Minister of the Department of Agriculture; Dr. W. A. Moynihan, Associate Director of Contagious Diseases Division, health of animals branch; and then we have three other officials from the department here. Dr. Julius Frank, Acting Director of Animal Pathology Division; Dr. C. K. Hetherington, Director of Meat Inspection Division and Mr. R. D. MacMillan, Branch Administrative Officer, health of animals branch. Of course Mr. Parker is still with us today, too.

Mr. DANFORTH: Mr. Chairman, is it the intention of Dr. Wells to give us a statement especially because of the public interest in animals like flying cats and one thing and another. Can we expect a statement as a preliminary to this Committee hearing?



The CHAIRMAN: Well, it could be a problem of spreading rabies, or other disease; we do not know what kind of an animal this is. It was reported in the press, but I do not know if it is proper in the Committee to discuss anything that is reported in the press or not.

Mr. DANFORTH: I think that we show due concern for the public welfare. Mr. Chairman, when we interrogate such men as we have here today who are in a position to know whether we are infested with flying cats or not. I think the housewives of this country, especially if they own personal pets, are very much concerned.

The CHAIRMAN: I could believe what you say has a lot of merit, Mr. Danforth, and I know that poultry people and other people that fence their livestock against predators, and flying cats, would find that fencing would be no protection against them.

Mr. DANFORTH: Maybe if he has some preliminary remarks, the doctor would like to deal with this subject. May I assure you if it is not answered now that it will subsequently be raised in great detail by the Committee.

The CHAIRMAN: Well, if Dr. Wells has any knowledge of this new species of animal, I am sure the Committee would appreciate it.

● (4.29 p.m.)

Dr. K. F. WELLS (*Veterinary Director General, Department of Agriculture*): Mr. Chairman, we have no specific knowledge with respect to the existence of flying cats. We have not certainly had any specimens presented to us. Biologically I think I would be prepared to say that flying cats do not exist in the true sense of flying; that one can sustain itself in air and direct its flight. I would suggest that there were no such things as flying cats. There might be cats with considerable experience and agility in making very long jumps such as the so-called flying squirrels which, in fact, cannot fly. This in all probability might be the explanation. It is assumed from the description of the so-called flying cats that in all probability they are cats which have had a rather difficult time; the hair is matted and as it comes out with the summer season and the heat, patches of it stick to the animal and look somewhat like appendages called wings, but there is some question if in fact they exist.

Mr. DANFORTH: Mr. Chairman, there was an indication that the department here in Ottawa had invited the proponents of this so-called flying cat to submit whatever evidence they might have to the department for study. Has this invitation been accepted? Will there be a preliminary study on the body that they have this animal at the present time?

Mr. WELLS: Well, we do not have any at the present time and we certainly have indicated our interest in having any of these animals delivered to us. According to the press statements one is to be delivered to the Kemptville Laboratory. On checking with the Kemptville Laboratory at noon hour none as yet has been delivered there and certainly none has been delivered to our Hull Laboratory up until noon hour.

Mr. DANFORTH: Mr. Chairman, is the doctor going to make any preliminary statement on the working of the department, or are we just to proceed with questions in this regard?

The CHAIRMAN: I would think if Dr. Wells feels that he should make any further statement at this time in conjunction with the statement that was sent to the Committee earlier he is certainly free to do so, but I would think if the Committee has questions we are ready for them.

Mr. FORBES: May I ask Dr. Wells if he has had any inquiries regarding this salmonosis outbreak that took place in Manitoba a couple of months ago, and if he has determined the cause of this outbreak; is it by ingredients in the feed such as bonemeal, or some other supplement? Would you care to give us a report on this thing? How far you have got with it?

Mr. WELLS: Yes, Mr. Forbes. The matter of the salmonosis outbreak in Manitoba has been very closely followed and examined by the Department. Examinations have been made of the various feeds which were used in the feeding of these cattle, and in the majority of cases there were salmonella found in the bonemeal. However, in all cases the salmonella found in the bonemeal did not in fact correlate with the type of salmonella which was found in the animals. Salmonella organisms are very, very common. There are roughly 875 to 900 types of them. They are everywhere and therefore one has to type out salmonella to establish the actual type of the organism involved in the disease outbreak and then correlate this type with the findings in the feed. There is a suspicion that the salmonella was introduced to bonemeal which is an understandable suspicion, because if salmonella had been in an animal which was killed and bonemeal made from it then, of course, there is the possibility that the bonemeal might well contain the organism.

Mr. FORBES: Is there any government compensation for animals that are destroyed with this disease?

Mr. WELLS: No, salmonosis is not a named disease under the Animal Contagious Diseases Act and the animals are not destroyed for salmonosis. There are cures, of course, and not all animals die.

Mr. FORBES: Are they isolated or quarantined for a length of time?

Mr. WELLS: No. The owner is simply advised with respect to treatment. Salmonosis under ordinary circumstances is handled by the private practitioners, but in a serious outbreak of this sort we, of course, naturally investigate.

Mr. FORBES: Is it regarded as a contagious disease?

Mr. WELLS: Yes, it is a contagious disease, or rather it is an infectious disease in the fine sense between infectious and contagious. In other words, one animal can be infected by picking up the infection from another.

Mr. HORNER (*Acadia*): Excuse me for a moment, Mr. Forbes. Does it get in the animal through a sore or a wound?

Mr. WELLS: No, normally through the mouth; orally.

Mr. FORBES: Would you say that there is no vaccine for it?

Mr. WELLS: No, there is no vaccine.

Mr. FORBES: You would say that the animal contact is in some way through the feed?

Mr. WELLS: Yes.

Mr. FORBES: Thank you.

Mr. JORGENSEN: Mr. Chairman, the department of health of animals is divided into two main parts.

The CHAIRMAN: Mr. Jorgenson, you are not coming through the microphone, sir.

Mr. JORGENSEN: They have the contagious disease division and the meat inspection division. What diseases come under the contagious disease division? Is it just tuberculosis and brucellosis?

Mr. WELLS: No, Mr. Jorgenson. All infections and contagious diseases come under the scope of the act. However, some of these, such as we just discussed, salmonosis, come under the scope of the act with respect to authority for operating if there is a very serious outbreak and some action must be taken which would not be done under ordinary circumstances. However, there is a list of named diseases under the act. In this part of the act named diseases means glanders, maladie du coit, dourine, anthrax, hog cholera, mange. Particular examples we have swine, sheep scab, rabies, scrapie, avian pneumoencephalitis, fowl pest, fowl typhoid, or such other contagious or infectious diseases as may be designated by the Minister for the purpose of this part. Now, these are the diseases which we consider to be sufficiently serious from an infectious and contagious point of view that we have standard procedures for operating.

Mr. JORGENSEN: There is one particular disease that has of late been of some concern and that is the disease known as Johne's disease. Have you named this one as one that would come under the protection of this act?

Mr. WELLS: It is not named in the so-called named section, but it is dealt with under policy.

Mr. JORGENSEN: Would you mind explaining that policy, Dr. Wells?

Mr. WELLS: The policy at the moment is a voluntary one, and this is based upon the fact that we do not have a really good diagnostic weapon. The first thing we need when dealing with a disease, of course, is a diagnostic weapon to establish the presence of the disease prior to the development of clinical symptoms, because at the stage where clinical symptoms are obvious then there is little that can be done in so far as eliminating or eradicating the disease because it is impossible to get ahead of it.

With Johne's disease our laboratories have been working for a number of years on a diagnostic antigen called johnin. With the development of this johnin we have established a voluntary policy which permits any owner in the country who suspects that he has Johne's to sign up under the voluntary Johne's policy. The herd is then tested; reactors are removed and compensation is paid to the owner for the removal of any reactors. The premises are cleaned and disinfected and again retested subsequently every 60 days until the herd is cleaned up.

Now, if or when the time comes when we feel that the johnin test has been developed to a totally satisfactory point, it will then be possible to move from the voluntary program into the full scale area program such as we have done in



the case of tuberculosis and brucellosis. These two programs developed the same way; first on a voluntary basis and then on an area basis.

In addition to the Johne's test there is being developed a Johne's vaccine which is considered to be quite successful if used in young animals, except that to date the Johne's vaccine has the disadvantage of interfering with the tuberculin test because Johne's in fact is caused by the paratuberculosis organism which is a rod-like organism similar to tuberculosis, and the use of Johne's vaccine then practically negatives to a great extent the tuberculin test. In addition to the fact that the vaccine is not yet completely perfected, it is rather awkward to suggest that it be used on a broad scale when it would make it difficult to continue with tuberculin testing.

Mr. JORGENSEN: Could you tell the committee, Dr. Wells, what are the symptoms and effects of this particular disease?

Mr. WELLS: Well, in Johne's disease, the primary symptom is intermittent diarrhoea and temperature with an extreme loss of weight, and of course in the case of milk cows a lack of milk production, with ultimate death. What happens is simply that the animal will go into an attack of extreme diarrhoea and it may last for one or two days, and the animal will recover. A matter of months later it will start in and have a more severe attack and eventually the attacks become longer and closer together until the animal is down to skin and bone and ultimately dies.

Mr. JORGENSEN: You mention that this program at the moment is on a voluntary basis. Do you have a full time staff of people working on this particularly? Do you have a competent man working on this particular disease right now, doing research on it?

Mr. WELLS: Yes, extremely so. As a matter of fact, the testing agent johnin has been developed solely in our animal diseases research institute and with all humility it is the best testing agent in the world today; prior to the development of johnin which has been produced solely from the paratuberculosis organism or the Johne's bacillus as it is called, Johne's testing has been conducted by a modification of the tuberculin organism because of the close relationship between the two, and this johnin was developed in our laboratory and we are of course continuing to use it. It has been used in experimental work in Britain where they are carrying out large johnin work and there it has proven more useful than any other antigen for the testing of Johne's disease.

Mr. JORGENSEN: Tell me, is it a federal department that assumes responsibility for the testing of herds that have been applied for by individuals, or does that come under provincial jurisdiction?

Mr. WELLS: No, the Animal Contagious Disease Act is solely one of federal responsibility and this is done totally by our own staff.

Mr. JORGENSEN: What happens in the case of a farmer who disposes of a herd in which there are diseased animals and does not apply for tests; in other words, attempts to dispose of them knowing full well that the herd is diseased?

Mr. WELLS: Well, nothing happens unless it were possible to prove that the owner in fact knew that he did have Johne's in the herd. Now, then, if an owner

knew that he did have Johne's in his herd and it could be proven and he disposed of them and disseminated the disease through that matter, then it would be a matter for the courts to decide whether he had wilfully deceived buyers. We have not had any of these cases, but when we were first into the brucellosis problem years ago there were a number of these cases that went before the courts.

Mr. JORGENSEN: There is a course of action that can be taken—

Mr. WELLS: Civil action.

Mr. JORGENSEN: Tell me, do you have any idea what number of vets that you are using to administer these disease control programs, brucellosis and tuberculosis throughout Canada?

Mr. WELLS: Well, not to administer those two programs solely, Mr. Jorgenson, because we do it on the basis of district and subdistrict operations; we have a total of 130 subdistrict offices all across Canada where there is a veterinarian in charge of each subdistrict, although we are of course as you know short of veterinarians; but we manage subdistrict offices with a veterinarian and this office then does our complete operations, contagious disease operations, within that subdistrict. Now, in the case of Ontario it amounts to one county or two counties, depending upon livestock population. In the west it is broken up of course by municipalities, depending again upon livestock population.

Mr. JORGENSEN: One of the reasons why it is so difficult to get veterinary surgeons, apart from the fact that the facilities for training them have not been adequate, is the fact that a good many feed companies send their representatives throughout the country supplying growers with many of the drugs that are necessary in feed supplements, et cetera. The selling of drugs is a part of the operations of a veterinary surgeon. They find themselves in what I think unfair competition with many of the feed companies. Would you suggest that perhaps some legislation along these lines would be desirable?

The CHAIRMAN: The idea is to control this?

Mr. JORGENSEN: Yes, to place greater control of the sale of these drugs in the hands of the veterinary surgeons themselves.

Mr. WELLS: This, Mr. Jorgenson, is an extremely difficult question to assess. While what you have said has to a considerable extent been true, generally speaking it is passing. It developed primarily in the poultry industry when there was a greater shortage of veterinarians than there is today and veterinarians, or the poultry industry, had not developed to the point where they could in fact sustain or did use veterinary services. This is rapidly changing, and while it is true that many feeds do today incorporate drugs primarily for the growth factor involved in some of the antibiotics, the actual selling of drugs by these people I think is diminishing.

How, the other side of the coin is, of course, that a number of drug stores do sell drugs to livestock men on the basis of their own diagnosis, and this I would think would be a greater source of, might I say, useless drug expenditure by livestock owners than through the feed companies today.

Mr. JORGENSEN: One of the problems, as I see it, is that in many areas, because of the advice, sometimes improper advice, given to owners of flocks by representatives of feed companies—and this as you say is particularly applicable to poultry flocks and to hog operations, rather than to dairy or beef operations—in the first place flocks are being improperly treated, and it is only when the vet is called in at the last minute, and then it is too late, that he is able to diagnose correctly. Quite often, as I say, it is too late and he gets the blame because he was not able to save the animals. I think this is one of the reasons why you will find it difficult to get veterinary surgeons to move into large poultry producing and hog producing areas. They much prefer to go into the cattle areas where the likelihood of these operations are at a minimum. For this reason I was attempting to get your views on it, if you thought perhaps it might be desirable to get some legislation to offset this sort of thing and to encourage veterinary surgeons to move into the rural areas in greater numbers.

Mr. WELLS: With the gradual increase in value of livestock, veterinary services are being used more and more.

Mr. JORGENSEN: This is very encouraging because I have not noticed it particularly in my own area. As you know, Dr. Wells, for several years now I have been trying to get the services of veterinary surgeons to move into that area and I have been unable to do so. Speaking of the training of veterinary surgeons, how far has the development of the college at Saskatoon progressed? I wonder if you would care to give us some idea just what courses are given? I understand there are some first courses being given there now.

Mr. WELLS: Yes, the College of Veterinary Medicine at the University of Saskatchewan in Saskatoon is well established. They had taken in last year the first two pre-vet years. This year they have moved into the first professional year. Now, the course consists of two pre-veterinarian years, which may be taken at many universities across Canada, and then you move into the four professional years at the University of Saskatchewan, in the veterinary faculty, and the first professional year is in. So that the first graduates will be coming out in the spring of 1969. There are roughly 31 or 32 students in the first year, so that there will be approximately 30, if none of them fall by the wayside, graduating in the spring of 1969 and they have reasonable temporary facilities at the moment.

They have started now to dig the hole to put in the foundation for the main building, and this main building will be completed in a matter of a year and a half, and they gradually intend to build up the intake to 60 per year instead of the present 30. So that in a matter of four or five years, it would be 1969, well, roughly in the early 70's, we hope there will be about 60 a year graduating from the Veterinary College in Saskatchewan.

Mr. JORGENSEN: Are you finding any difficulty getting students?

Mr. WELLS: No, on the contrary there is an overdemand for places in the three veterinary colleges in Canada: the St. Hyacinthe Veterinary College in Quebec, the Ontario Veterinary College in Guelph, and the Saskatoon Veterinary College. The Saskatoon Veterinary College had approximately 100 applications from western Canada who could qualify, and of course it is only possible to accept a limited number. The same thing applies to the Ontario Veterinary



College where they have well over 100 applicants each year and have to sort them down to take in between 70, 75 and 80, with the hope of graduating 65.

Mr. JORGENSEN: Mr. Chairman, I have some further questions on meat inspection. I was wondering whether you wanted to deal with this—

The CHAIRMAN: I would rather we dealt with it in order.

Mr. JORGENSEN: I think it would be preferable if you dealt with it in this order and that is the reason I asked you. I forgo any further questions at this time.

The CHAIRMAN: Actually, Mr. Jorgenson went ahead of you Mr. Forbes.

Mr. HORNER (*Acadia*): I have a supplementary question.

The CHAIRMAN: I tried to be as fair as I could, Mr. Horner, when these hands all went up at once, and I knew you would not mind if the senior members of the Committee were picked first.

Mr. FORBES: I appreciate your consideration, Mr. Chairman. Dr. Wells, in describing the symptoms of Johne's disease it sounds very much like the symptoms of salmonosis. Now, then, suppose an animal dies with this Johne's disease can these rendering plants pick up the animal and process the bones and sell it as bonemeal?

Mr. WELLS: Yes, they can, sir.

Mr. FORBES: Would this not then be a source of infection for salmonosis?

Mr. WELLS: Yes, it is, sir.

Mr. FORBES: And there is no prohibition about this?

Mr. WELLS: Yes; well, I must qualify that answer. At the moment we have the majority of the rendering plants in Canada under constant inspection which includes the facilities and equipment to assure that they are properly processing their product and that there is no back infection. In other words, it is the progress of the product through the plant. Because when the product comes out of the rendering or cooking tank it has been cooked in order to remove the tallow, lard and fat from the bones and carcasses to the point that it is sterile. The problem here is to get it out into the market then without it becoming re-infected.

Now, because of the provisions of the Meat Inspection Act which permits the removal of condemned material from inspected plants to rendering plants which are authorized for that purpose, we have the majority of these rendering plants under constant inspection. In addition to that, we are in the process of developing regulations which will by the provisions of the Animal Contagious Diseases Act compulsorily bring all of the rendering plants under total licensed inspection.

Mr. FORBES: I take it that they are under the plant inspection at the present time, are they?

Mr. WELLS: The majority of them, sir, yes, the large ones all are.

Mr. FORBES: But then there could be some little ones; now that could cause this whole problem.

Mr. WELLS: Yes.

Mr. FORBES: Why should they not all be under it?

Mr. WELLS: We are, sir, in the process of developing regulations which will require them to operate under the provisions of regulations under the scope of the Animal Contagious Diseases Act.

Mr. FORBES: Can you pass this legislation by order in council, or how do you do this?

Mr. WELLS: Yes, sir, by order in council, under the authority of the Animal Contagious Diseases Act.

Mr. FORBES: Thank you.

Mr. HORNER (*Acadia*): Mr. Wells, I would like to go over the importation of Charolais cattle quickly and briefly with you if you would not mind. To start with how many applications were there for the privilege to bring over Charolais cattle a year ago, or a little better than a year ago?

Mr. WELLS: I think, sir, the total was 67 applications.

Mr. HORNER (*Acadia*): This was the number accepted?

Mr. WELLS: It was 69, I am sorry. There was a total of 69 applications that came to us. This is individuals who applied, not the number of cattle.

Mr. HORNER (*Acadia*): I want the total number of individuals who applied.

Mr. WELLS: A total of 69 individuals applied for permits to import cattle from France.

Mr. HORNER (*Acadia*): They all were accepted?

Mr. WELLS: Yes, they all were accepted. Ultimately two of them declined in the final analysis—in any case, two declined I think and 67 permits were issued. Now, then, some of the cattle were lost in Brest quarantine station in France.

Mr. HORNER (*Acadia*): Were lost?

Mr. WELLS: The cattle were rejected because of tests.

Mr. HORNER (*Acadia*): What percentage of the cattle were rejected at Brest. Could you give us an idea?

Mr. WELLS: The total number of cattle presented on the French farms of origin for testing was 254. Cattle failing the tests on the farm of origin totalled 133. There were 41 of these that were rejected because they gave reactions to the foot and mouth test. Three were rejected because they gave brucellosis reactions; 66 were rejected because they gave leptospirosis reactions; and 23 were rejected because they gave Johne's reactions. This brought the total down to 133.

● (5.00 p.m.)

Now, then, the cattle which were eligible and entered Brest quarantine station were 121. Out of 133 which were eligible to enter the station—they could not all enter of course because of the permits; in other words, if people had a permit for three they were advised to select six in order that they could get their three. So that we ultimately ended up with 121 in the Brest quarantine station; 119 were put in by importers and two were put in by the French

Charolais Association as reserve. Now, out of that 121 that went into the Brest quarantine station, 11 failed tests in the Brest quarantine station. This was all F and M testing.

Mr. HORNER (*Acadia*): All foot and mouth?

Mr. WELLS: Yes. So that the number of cattle shipped from France totalled 110; 31 males and 79 females, or a total of 110, cattle left France proper. In addition to that, three cattle came from St. Pierre and Miquelon which made a total of 113 cattle entered Grosse Ile quarantine station on October 21, 1965.

Mr. HORNER (*Acadia*): This is very, very interesting, Dr. Wells. I never for one minute dreamed that the foot and mouth disease was that prevalent in France yet. We are informed in your article in your brief to the Committee on the importation of these cattle tells us that due to the favourable disease situation existing in France in 1965—

Mr. WELLS: And that is correct.

Mr. HORNER (*Acadia*): Yet out of 254 on the farms 133 were rejected I think was the figure you gave; 41 of those were foot and mouth and then a further testing made at Brest 11 more failed because of foot and mouth.

Mr. WELLS: This was not because of foot and mouth infection, this was because of foot and mouth antibody reaction resulting from vaccination of the animals. In France there is a law which requires vaccination of all calves when they reach six months of age. Now when Canadian buyers select calves—and this is why they must enter the Brest quarantine station at nine months of age or under—they simply take the owner's word for it in France that the animals have not been vaccinated. Now we use foot and mouth test both to ascertain whether the animals have virus and if in fact they have simple antibodies resulting from vaccination, and these were turned out not because of foot and mouth infection, but in fact because of antibody reaction resulting from vaccination.

Mr. HORNER (*Acadia*): I am certainly glad you explained that to the committee, Dr. Wells, because I would not want to be left with the wrong impression and I know the Committee would not either. With regard to the vaccination then, in fact you would then say that none of the cattle inspected were actually found to be carrying live virus of foot and mouth disease.

Mr. WELLS: Yes. In fact had any of the cattle, or any of the herds from which the calves were selected, had evidence of foot and mouth disease the cattle from that herd would not have been accepted. In fact, had foot and mouth disease developed within or been existent within an area of nine miles of the premises in France from which the cattle were being selected, those cattle would not be permitted.

Mr. HORNER (*Acadia*): There is foot and mouth disease over there, but we stayed out of those areas.

Mr. WELLS: Yes. And it is extremely limited.

Mr. HORNER (*Acadia*): Of the eight different varieties of foot and mouth disease, I think there are eight, has a successful vaccine been developed to cover the different viruses.



Mr. WELLS: Well, under normal circumstances in western Europe we see only three varieties A, O and C, and under normal circumstances they get only one type at a time. The vaccination is reasonably successful if carried out in a mass scale and all calves are vaccinated. Now, it becomes more difficult if one attempts to combine two types of vaccine in one; that is, A and O, then you only get a little bit more than half the protection than you would get, and if you combine the three of them, then of course you would get even less protection from each individual one. Therefore, the normal procedure is to vaccinate against the one which is normally expected in that area. This creates difficulties, of course, if there is an invasion of a different type.

Mr. HORNER (*Acadia*): Just to make it clear in my mind, are you suggesting you have difficulty when you combine the vaccine before it is put in the calf? Suppose we had three vaccinations done, we shot a calf full of three different vaccines, would this lower the effect of the vaccine?

Mr. WELLS: No; if it were put in, individually; that is, if A vaccine was injected and a matter of six weeks later O was injected and six weeks later C was injected, then they would get relatively high immunity from each one. But the immunity would have to develop in one to one before you could add another.

Mr. HORNER (*Acadia*): Oh, yes. There were 110 cattle that came over, and you have here 113.

Mr. WELLS: There were 113 cattle came over, 110 came from the Brest quarantine station and three came from Saint Pierre and Miquelon, a total of 113 entered Grosse Ile.

Mr. HORNER (*Acadia*): What was the story behind the three in Saint Pierre and Miquelon, were they brought over years previous, or what was it?

Mr. WELLS: Yes; about two and a half or three years ago a group of young calves were brought by private individuals from France to Saint Pierre and Miquelon which had never had foot and mouth disease, and they had been raised on Saint Pierre and Miquelon and there were three of these cattle brought in.

Mr. HORNER (*Acadia*): In the importation, does the importer pay all the costs of Grosse Ile?

Mr. WELLS: The importer pays the total costs of care and feed of the animals.

Mr. HORNER (*Acadia*): Care and feed; but here again we see no bookkeeping expense for the cost of investment charged out to the—

Mr. WELLS: No; last year there was no cost, no capital cost with respect to quarantine facilities. This year we have added the capital cost with respect to facilities.

Mr. HORNER (*Acadia*): Your facilities were at 100 per cent capacity? Am I not right on that?

Mr. WELLS: Yes they were. In addition to the 113 head of cattle at Grosse Ile, of course, imported cattle, we have to have test cattle, test swine and test sheep, and this adds to the total number of livestock in the station.

Mr. HORNER (*Acadia*): The veterinary costs that were covered were all absorbed by the federal government, too; the inspection, and this sort of thing.

Mr. WELLS: Yes, with the exception of any charges for outside testing which we had to have done.

And in this case in the last year's importation there was no such testing.

Mr. HORNER (*Acadia*): Who does the testing?

Mr. WELLS: Well, we do not maintain the virus of foot and mouth disease in Canada at any of our laboratories and, therefore, in order to carry out some of the complicated foot and mouth tests, where live virus is needed to do the tests, we have this done at the Foot and Mouth Research Institute at Pirbright, England. In the case of blue tongue, the testing was done at the Onderstepoort Research Laboratory in Onderstepoort, South Africa.

Mr. HORNER (*Acadia*): Then, it would be safe to say, and I have heard it said by a number of people, that to some extent the importation of Charolais cattle was subsidized by the Canadian taxpayer. I was always under the impression that the importer covered everything, but apparently he has not.

Mr. WELLS: I would say that has not been the practice for the last 40 years.

Mr. HORNER (*Acadia*): Even when importing British breeds.

Mr. WELLS: That is right.

Mr. HORNER (*Acadia*): This will include all types of livestock, not only cattle.

Mr. WELLS: That is right.

Mr. HORNER (*Acadia*): But this year you have a change of policy and you are going to have a built-in cost into the charge?

Mr. WELLS: That is correct.

Mr. HORNER (*Acadia*): This is on everything; cattle, hogs, sheep, horses, everything that is imported?

Mr. WELLS: No; at the moment this capital cost charge has merely been applied to the Grosse Ile maximum security quarantine station, because of the extreme additional costs involved to the department of building and maintaining a maximum security station in comparison to our normal quarantine stations at Saint John, New Brunswick and Levis, Quebec.

Mr. HORNER (*Acadia*): Now, there is quite a bit of importation of cattle into this country from areas not subject to foot and mouth disease. Do they not have to go through the maximum quarantine station?

Mr. WELLS: No; Mr. Horner, they go through either Saint John, New Brunswick, or Levis, Quebec.

Mr. HORNER (*Acadia*): And therefore the expense is a lot less?

Mr. WELLS: Yes; and they are quarantined only for one month.

Mr. HORNER (*Acadia*): You know as well as I do we have had a great deal of complaints about the importation of these cattle because of the American influence, shall we say, in the whole operation. There was a story reported in

the Calgary *Herald* about the first of June. The whole expedition was written up when the cattle were allowed to move off Grosse Ile. It seemed that the Canadian Charolais Association was not informed, or was not very well informed about a proposed showing of the cattle in Quebec city; that the Americans knew more about it than the Canadians. Have you any comment to make as to why or how this could have got out?

Mr. WELLS: Well, I have no comment, Mr. Horner, as to how and why this sort of thing developed when, in fact, the showing of the cattle, at Quebec city, following their release from Grosse Ile, was in fact organized by the Canadian Charolais Association. If they were uninformed, sir, they were uninformed about something they themselves organized.

Mr. HORNER (*Acadia*): Well, this article quotes Mr. Ivan Ohler of Clareholm, president of the Canadian Charolais Association, and it goes on to say "Texans get scoop", and they were not informed about the Quebec showing at all, according to the president of the Canadian Charolais Association.

Mr. WELLS: Mr. Horner, they were sufficiently informed to have organized a meeting of their directors for Quebec city at that time.

Mr. HORNER (*Acadia*): Well, I do not know anything about it. I just read the article and I thought it rather shameful that this should happen, and actually, Dr. Wells, I am pleased to hear you refute the statements written here because—

Mr. WELLS: We, in fact, offered to assist them—and we did assist them—with respect to the showing, but the showing was in fact under their auspices.

Mr. HORNER (*Acadia*): Mr. Ohler, I think, in this same article states that when he was finally given permission to go over to Grosse Ile, much to his surprise he found an American there first. Would you care to comment on or dispute that statement?

Mr. WELLS: Well, yes, in the first place Mr. Ohler, was in fact not on Grosse Ile. The representative of the Canadian Charolais Association, who was on the island at the termination of the quarantine, was Mr. Rodney James, the secretary treasurer. We took him to the island in order to assist us in the identification of the cattle, the loading of the cattle, and he came with them from Grosse Ile to Quebec city. There were two other gentlemen taken to the island, one Mr. John White, the agricultural commissioner for the state of Texas, who had called us and asked permission to visit Grosse Ile, because of some questions which he had been asked with respect to the adequacy of our quarantine facilities, and he asked if he could bring with him the chief quarantine officer for the state of Texas, and this was done.

Mr. HORNER (*Acadia*): This is perhaps where this article got its foundation. Texans were there.

The CHAIRMAN: It sounds like the article has the influence of Texans inside. It is built out of proportion.

Mr. JORGENSEN: What influence would the Texans have? What interest would they have in what kind of a quarantine station we have in Canada? Do they purport to tell us what we should do?



Mr. WELLS: Oh, no; there is no question whatever about them purporting to tell us what to do. They were in fact interested in the type of quarantine station and the facilities that we had. Apparently they had been asked, some of their livestock men had asked them with respect to the facilities. There is some discussion with respect to whether Mexico should or should not develop a quarantine station, and the Texas people, I believe, and this is only what I have been told, were concerned with it. They were there merely as a courtesy to another government; just the same as if I or one of my colleagues requested permission to go into the quarantine station of the United States or any of the individual states, it would be granted immediately.

Mr. HORNER (*Acadia*): Yes, but this man was from the state of Texas. We could have had a request from 50 states, and each one of them have a representative there.

Mr. WELLS: Had such happened, I am sure it would have been differently organized.

The CHAIRMAN: There are about four people who have intimated they have supplementaries. Are you finished your line of questioning?

Mr. HORNER (*Acadia*): No I am not through Mr. Chairman. Would you like me to proceed?

The CHAIRMAN: I would think that this is would be better because I have a great big list of members here and probably every one is supplementary to the supplementaries that I am going to get.

Mr. FORBES: Could I have one short one to start with, just one?

The CHAIRMAN: I am trying to get this senior member, Mr. Schreyer, here.

Mr. HORNER (*Acadia*): Just a minute, on this senior member bit. He may be senior in age but not a senior member of this Committee. I have been on this Committee since 1958. He has not been on it one day longer.

Mr. RAPP: Yes, but he is senior in knowledge.

The CHAIRMAN: I am glad you said it, Mr. Rapp.

Mr. FORBES: Were some of these cattle purchased by United States citizens?

Mr. WELLS: To my knowledge, no sir.

Mr. FORBES: If that question had been put to me—

Mr. WELLS: Now, it depends entirely what you mean by purchased.

Mr. FORBES: Well, were there cattle in the consignment delivered to the United States?

Mr. WELLS: To our knowledge no, sir.

Mr. FORBES: I have been asked the question: Did the American government contribute to the veterinary cost of inspecting these cattle. That is the end of my questioning.

Mr. WELLS: As a matter of fact—

Mr. FORBES: Thank you.

The CHAIRMAN: Mr. Watson has a supplementary.

Mr. WATSON (*Assiniboia*): My supplementary is on the same subject. This article implies that some Americans belonging to the Charolais organization of the United States were up here. Is there any possible chance to determine whether the American Charolais buyers were in fact using some of the Canadian buyers' funds to import cattle with the direct intention that these cattle would end up in the United States?

Mr. BARRY: Mr. Chairman, may I interrupt at this point. Mr. Horner has been pursuing a line of questioning in connection with testing an operation at a station. We had fully expected, naturally, that the type of questioning that Mr. Watson is now pursuing would also come. If we go into that now, it may get into a different area than Mr. Horner at the moment is pursuing, but if you desire to get into that we could do it at this point.

Mr. HORNER (*Acadia*): Well, Mr. Watson and Mr. Forbes both jumped the gun on me. I laid the groundwork and they are stealing all the fun. Is that fair?

The CHAIRMAN: I would think Mr. Horner should be allowed to continue his line of questioning.

Mr. HORNER (*Acadia*): Actually, I was going to come around to the same thing as Mr. Watson and Mr. Forbes were talking about, but I wanted to clearly understand in my own mind the operation of Grosse Ile and just, in fact, how big a risk Canada took in bringing over Charolais cattle from a country with foot and mouth disease. I am certainly pleased with Mr. Wells' answers to most of my questions with regard to the operation of the inspection and quarantine station. We have reached the conclusion where we know that every precaution is taken in France. We have reached the conclusion, in my mind at least, that through the graciousness of the Canadian government many people who brought over Charolais cattle received to quite a degree support and subsidization by the federal government, with the setting up of the maximum quarantine station at Grosse Ile. Now, I would like to branch out a little further. Now that we have the cattle in Canada, are they subject to any further examination or testing, or watchover by your department?

Mr. WELLS: Yes, Mr. Horner; they are subject to 90 days quarantine on a farm in Canada mixed with Canadian cattle.

Mr. HORNER (*Acadia*): They can be mixed with Canadian cattle?

Mr. WELLS: They must be. There must be Canadian cattle with them, as exposure animals.

Mr. HORNER (*Acadia*): As exposure animals; 90 days?

Mr. WELLS: Ninety days, yes.

Mr. HORNER (*Acadia*): What is the period with regard to foot and mouth disease, is there a period in which incubation, or something, that the virus has to go through before an outbreak?

Mr. WELLS: Four to seven days is the normal incubation period.

Mr. HORNER (*Acadia*): Four to seven days?

Mr. WELLS: Yes. It could run longer but normally this is it.

Mr. HORNER (*Acadia*): So that 90 days is ample precaution in this regard?

Mr. WELLS: Yes, considering, of course, that they have been quarantined for six months already on Grosse Ile and have been subject to eight different foot and mouth tests a matter of 13 times.

Mr. HORNER (*Acadia*): I just wanted to assure myself on behalf of my constituents, of course.

Mr. WELLS: There were eight different tests for foot and mouth disease used and they were used a total of 13 times.

Mr. HORNER (*Acadia*): Now that we have the cattle here, actually through your department, Dr. Wells, you made no examination with regard to the applicant; it did not really matter whether he was a breeder of Charolais cattle, or whether he was a speculator on the stock exchange, or whether he was in the oil and gas industry, or what he was? It was the department's policy not to examine to importer to any real extent. In other words, we said "we will subsidize anybody; first come, first served." Am I right or wrong in that accusation?

Mr. WELLS: You are both, sir. When we were sorting out the applications last fall, we had some of the Charolais people into my office and went over them in order to sort them out, because obviously there were more applications for cattle than, rather the applications requested more cattle than could be accommodated, and therefore we went over the applications with the Charolais Association, and in practically all cases, as far as could be determined, they were livestock people.

Mr. HORNER (*Acadia*): When this subject was first raised, a question was placed on the order paper. I just bring this up as to show what I have had in my mind. Actually it was poorly organized and poorly advertised to begin with. The question on the order paper was: "How does one go about applying for an application to bring over Charolais?" and it was never answered in that particular session of the House of Commons. I only point this out to show you that it is proof to me that there was not enough precaution taken in screening the applicants and in advertising for proper and good applicants.

Mr. WELLS: Mr. Horner, may I first of all say you continue to refer to Charolais cattle. We do not concern ourselves with the breed of cattle. We are concerned with cattle. The quarantine station at Grosse Ile was not built for any one particular breed; it was not built for the benefit of any one particular livestock association, and the country of France was not cleared from the foot and mouth point of view for the benefit of any particular breed or association. It was merely cleared from the foot and mouth point of view for the importation of cattle.

Mr. HORNER (*Acadia*): I realize that, Dr. Wells; but I am just being perhaps a little more practical. I realize that in the years ahead we may want to have a desire to import something else from some other country that has foot and mouth or has some disease just as bad as foot and mouth, and a maximum quarantine station may have to be used. But I am concerned. As I say I am perhaps just a little more practical than you, I do not mean anything by that remark, particularly. You are a scientist and a doctor and could perhaps tend to



be a little further away from the actual operation of importing or operating cattle business. This just makes me a little more practical, I believe. I think that the quarantine station was evolved, its need was evolved because of the desire to bring over Charolais cattle. I have nothing against the Charolais breed. I think they are a good breed of cattle and I think they can add tremendously to our livestock industry here in Canada. But, I want to go back. I want to say to you again, apparently you had some of the Charolais people into your office to screen or in an attempt to screen the applicants to some degree or another. Were any rejected?

Mr. WELLS: None were rejected. As I recall it, in some instances, where people had put in, one family had put in more than one application, they said, realizing that there was of course a difficult decision to be made in sorting out the numbers for each applicant, "well now, these two applications represent one family and—"

Mr. HORNER (*Acadia*): Was any examination made from the point of view of whether or not these people were speculators or wanted to obtain foundation animals of the Charolais breed?

Mr. WELLS: With the exception I would think of two or three; they were known to at least one of the people there and recognized as being in the cattle business.

Mr. HORNER (*Acadia*): With the exception of one or two. I will paraphrase your answer perhaps in a different way so that I am clear. With the exception of one or two, then, most of the applicants were in the cattle business. Am I right?

Mr. WELLS: Yes.

Mr. BARRY: You said with the exception of one or two there were none of the people there who had been in the cattle business, did you not?

Mr. WELLS: Yes.

Mr. HORNER (*Acadia*): What did you say?

Mr. BARRY: With the exception of when I said one, two or three, I should have left out the one and said two or three, and I forget the exact number. They were known to one or more of the people, ourselves or the Charolais people who were there, as being in the livestock business.

Mr. HORNER (*Acadia*): You are familiar with the establishment of the Lacombe hog. I am just going to use this as an example. I am sure you are, Dr. Wells. In the relation of the Lacombe hog to the general public, was there not some reservation placed on who may obtain the first Lacombe boar, for example, and this sort of thing?

Mr. WELLS: The distribution of the original Lacombe swine was by lot and of course was restricted to Canadians just as the applications for the issuance of permits for the importation of France were restricted to Canadians.

Mr. HORNER (*Acadia*): Was it not restricted to R.O.P. breeders, or something like this, to the Lacombe hog?

Mr. WELLS: I cannot answer that precisely; it probably was, but I cannot answer that precisely, Mr. Horner.

Mr. HORNER (*Acadia*): Well, from my recollection it was.

Mr. BARRY: I think it was by lot actually, but they may have been sorted out on that basis in the first instance.

Mr. WELLS: I am sorry; I cannot answer that.

Mr. HORNER (*Acadia*): Now was there any thought by you, Dr. Wells, or by Dr. Barry, or by the Charolais people that you called in and examined, that perhaps we should have a similar provision with regard to the importation of Charolais cattle.

Mr. WELLS: Yes, in actual fact they felt that permits should only be given to members of the existing Charolais Association, and on a priority basis of the length of years that the applicants had been members.

Mr. HORNER (*Acadia*): But this suggestion was not followed?

Mr. WELLS: As I have explained, the regulations under the Animal Contagious Diseases Act for the importation of livestock are not written or based upon breed or societies getting preference.

Mr. HORNER (*Acadia*): It may have been a good idea, but you did not feel that it fell within your jurisdiction.

Mr. WELLS: Well, you are getting in, sir, to the realm of personal opinion.

Mr. HORNER (*Acadia*): Well, you said that it did not quite come under the health and Animal Contagious Diseases Act and I just interpreted; in other words you—

Mr. WELLS: There is no authority under the Animal Contagious Diseases Act to discriminate against breed or individuals.

Mr. HORNER (*Acadia*): But you are well aware, and I know Dr. Barry must have been, and the department must have been, that they were bringing in new seed—which it might be proper to call it that—into this country. I know that Mr. Forbes, a well established plant breeder, knows the procedure carried out when the Department of Agriculture releases new seed for plants. This is a very carefully distributed seed and it is given only to registered seed growers, and so on. What I am trying to say is was there any thought by you or the Department to do a similar thing with this new seed so that all Canadians might eventually receive the greatest or the maximum benefit from this new seed.

Mr. BARRY: I would like first, if I may, Mr. Chairman, to make a distinction between the instances that Mr. Horner has quoted with respect to Lacombe hogs and new seed varieties and the importation of livestock under the circumstances that we are dealing with here. With the Lacombe hog we were bringing out a completely new breed.

Mr. HORNER (*Acadia*): I beg your pardon?

Mr. BARRY: With the Lacombe hog we were bringing out a completely new breed. The distribution of that was done selectively at the first instance, and there were also some restrictions for a period of time in connection with the

export of that stock out of Canada. Similarly with a new seed variety which the Department has introduced. These have been distributed on a selective basis to elite growers, and there have been cases, there was in the case of Selkirk, a temporary restriction for a period of time on the exportation of seed there. This was a new development the department had made.

Mr. HORNER (*Acadia*): On the exportation of the seed there was.

Mr. BARRY: At Selkirk, this was right. This is a different circumstance. You may say, sir, I am being technical and that I am not practical but I want to make this point. We were dealing here with a circumstance which involved the importation of animals in which our only control which we were exercising was with respect to health status. This was the purpose, and the purpose of the quarantine station at Grosse Ile, to establish that these animals had a health status which would permit their entry into this country. It was a more extreme quarantine arrangement than had existed in the past with respect to the normal quarantine stations, but primarily it was still on all fours with it. The only function which the health of animals branch serves in its importation restrictions is with respect to the health status of animals. It clears the animals through the quarantine station when it is satisfied that they have complied with the health standards which they set up.

Mr. HORNER (*Acadia*): You stated, Dr. Barry, that this was the only control we were exercising.

Mr. BARRY: That is right, sir.

Mr. HORNER (*Acadia*): This is the point I am trying to make. Is it the only control you should have been exercising? In view of all the precedents with regard to seed growers and Lacombe hogs—

Mr. BARRY: I still draw a distinction, sir, between seed growers and the Lacombe hog and importation of cattle from abroad, where our responsibility is with respect to the health status of the animals before they enter Canada.

Mr. HORNER (*Acadia*): Were you aware at the time that Mexico did place, when they first brought over Charolais cattle, some restrictions on the export and the importation of them?

Mr. BARRY: Dr. Wells says that is not correct, sir.

Mr. HORNER (*Acadia*): Well, this article claims it is.

Mr. WELLS: When the original Charolais were brought to Mexico there was no restriction on them whatsoever.

Mr. HORNER (*Acadia*): Coming into Mexico?

Mr. WELLS: No, in going out of Mexico.

Mr. HORNER (*Acadia*): Going out of Mexico. Is there still no restriction?

Mr. WELLS: No. As a result of the times in Mexico, the genetic pool got down and was disseminated pretty badly and, in fact, intermingled with other blood; and when they realized that they had a limited genetic pool of Charolais blood in Mexico they got together all that was left of the relatively pure cattle



and collected them and put restrictions on the export of them, a matter of a few years ago, but otherwise there was no restriction on them.

Mr. HORNER (*Acadia*): This was a very good example, and perhaps maybe Canada should be learning from it. In other words, they place no restrictions to begin with and they found that because they had no restrictions they lost the initial value of the importation of these cattle and had to more or less regroup and place restrictions.

Mr. WELLS: This was because there was no way of replacing or augmenting the genetic pool.

Mr. HORNER (*Acadia*): You mean they could not import any more without setting up a maximum quarantine station such as Canada has done.

Mr. WELLS: Yes.

Mr. HORNER (*Acadia*): I am going to drop that particular phase of the question, with regard to the examination and the distribution of the seed. I think perhaps you know what I mean and I would like to hope that the Department is always open to consideration and review of this policy in the years ahead because it may not fall under the Animal Contagious Diseases Act, but it still falls under the Department of Agriculture. We are doing a service here of subsidizing the livestock industry. Let us receive, or let us give to the livestock industry of Canada the greatest and the maximum benefit it can achieve from this and I just hope that this policy is still under review.

Mr. BARRY: Mr. Horner, Mr. Chairman, may I just say that I think now we are arriving at an understanding of the position; that it does not lie within the prerogative of a veterinary animal contagious diseases control to say who can bring in what for what purpose. I grant you that there are other facilities which could be used for this purpose. I think if you understand this clearly that would perhaps clarify the point.

Mr. HORNER (*Acadia*): I just want to ask a few more questions, Mr. Chairman. You have been very good to me and I want you to know that I appreciate it.

The CHAIRMAN: I hope other members do not think that I have been too good.

Mr. NOBLE: I think the rest of us can go home.

The CHAIRMAN: I would say, that you are a way over the time limit, but seeing that you have been such a good member of the Committee I think we will bear with you a little longer.

Mr. HORNER (*Acadia*): Thank you. In the initial examination you and a few of the Charolais breeders had of the list of permit holders, did you make any examination with regard to the financial capability of maintaining and bringing over the cattle, paying for the costs of maintaining or bringing over?

Mr. WELLS: No, sir. When a man applies for a permit we can only assume that he know what he is doing. We did give him our estimate of the cost.

Mr. HORNER (*Acadia*): The onus is on him. In other words, any John Doe on the street could apply for a Charolais bull and then go across the line and say

"Look, I have got the application, how much is it worth to you?" Do you not think in the years ahead—and I am not condemning you or the Department particularly, but let us learn from our experience—do you not think that we should examine a little more closely the applicants worthiness before we subsidize them and help them in bringing over these cattle?

Mr. WELLS: In this year's importation, in our seeking supplementary information with respect to the application, we have added a supplementary statement re application to import cattle from France. These statements must be sworn to, "solemn declaration consciously believing it to be true and knowing that it is the same force in effect as if made under oath and by virtue of the Canada Evidence Act." The questions are: "one, do you now maintain cattle on a premises operated by yourself", with a yes or no box. As a matter of fact we have copies of these. Dr. Moynihan, could you pass them around?

Dr. MOYNIHAN: The committee would like to see them, Mr. Chairman?

Mr. WELLS: "Yes. Give location of the cattle premises."

"Number two: Do you intend to retain in Canada the cattle for which you are now applying for an import permit," with a yes or no box. "Question 3. If the answer to question 2 above is yes, do you agree that an export health certificate for these cattle will not be requested for a period of three years from the date of release from quarantine," with a yes or no box. Then, "please provide below a statement outlining the purpose for which these cattle are being imported into Canada."

Mr. HORNER (*Acadia*): This was the original form which they all had to sign?

Mr. WELLS: No, this is the one this year.

Mr. HORNER (*Acadia*): Oh, this is the one this year. In other words, you have placed the three year restriction on this year?

Mr. WELLS: No. We have asked them—

Mr. HORNER (*Acadia*): Oh, this is no restriction.

Mr. WELLS: We have asked them their intention, yes.

Mr. HORNER (*Acadia*): And what if they said "I do not know" to that, what would you reply?

Mr. WELLS: We must establish a priority list for issuing permits and the answers to these questions will in fact be a guide to us in establishing a priority.

Mr. HORNER (*Acadia*): In other words, you would prefer to have them stay in Canada. I can assume that.

Mr. WELLS: Yes, that is correct.

Mr. HORNER (*Acadia*): But all you really do is prefer to have them. You do not feel that the Department should make this one of the stipulations?

Mr. WELLS: There are sufficient who have agreed to, or answered yes to the questionnaire to more than adequately fill the station.

Mr. HORNER (*Acadia*): But what I am saying is you prefer to have them stay in Canada but you do not feel strongly enough about it to say they must stay in Canada.

Mr. WELLS: Well, not from a health point of view. You see, we operate quarantine stations at Saint John, Levis and now Grosse Ile, and we bring the livestock through these stations; we bring horses in from Europe which are not subject to quarantine, and a number of these are brought in and go to the United States. On the other hand, animals are brought in to the Clifton, New Jersey, quarantine station from such places as the Isle of Guernsey and the Isle of Jersey, and these animals are brought in through the United States quarantine station for the ultimate destination of Canada. And, in fact, many horses are imported into Canada via the United States. So that the interplay of quarantining facilities is based solely upon a health matter.

Mr. HORNER (*Acadia*): I realize Dr. Wells that perhaps it is a little bit out of your jurisdiction because you are solely responsible for the health of Animal Contagious Diseases Act, to place any restriction on what happens to these cattle after they get into Canada, other than from a health point of view. Certainly, I suppose, it would not be necessary to require that they remain on the farm for two years, rather than 90 days. I do not think that this could be a fair way of doing it, and perhaps it is more of a quality that should be evolved with the Department, I am pleased to see that you prefer to have them stay in Canada. I would like to see the Department make this one of their policies and one of their stipulations.

Mr. JORGENSEN: Mr. Chairman, I have a point which is very relevant to this. What control could the government exercise in preventing a farmer in Canada, owner of one of these cattle in Canada, making arrangements with an American breeder to supply him with semen from that particular animal?

Mr. WELLS: None whatsoever, Mr. Jorgenson. As a matter of fact, already there have been demands for the semen in the United States.

Mr. HORNER (*Acadia*): This is true with regard to the semen, but it is hardly true with regard to the female side of the breed. You have been very good to me. I just want to ask one more question, Mr. Chairman, and then I will pass. I could continue on this for quite some time. Could you indicate, Mr. Chairman, whether we are going to sit tonight?

The CHAIRMAN: Yes, we are going to sit at eight o'clock.

Mr. HORNER (*Acadia*): We are going to sit at eight o'clock. Fine. I will be back.

What would you have to say, Dr. Wells, to the comment on this newspaper article about the American trucks at the scene and American trucks with a new Jersey licence on them trucking cattle away and so on and so forth. You know exactly where every one of these 113 head are now?

Mr. WELLS: Yes, sir.

Mr. HORNER (*Acadia*): And you really did not care whose truck trucked them away; whether it was an American truck or a Canadian truck, or who?

Mr. WELLS: Well, I did not supervise the loading of them on trucks.



Mr. HORNER (*Acadia*): No, no. I know you did not, but then the Department did not either?

Mr. WELLS: No, sir.

Mr. HORNER (*Acadia*): In other words, you are not disputing that fact. You probably know that the Americans are deeply interested and very well could have 100 per cent interest in some of the cattle Canadians brought over, and could have 50 per cent interest. As far as your Department is concerned, you made no real examination as to the possibility or the feasibility of this?

Mr. WELLS: No. Certainly we are not in the position to assess whether the man is obtaining the money to buy livestock, whether they be imported from France, or Britain, or from any other country.

Mr. HORNER (*Acadia*): This is why I suggested that perhaps you should in the years ahead take a little closer look at the financial worth of the man before you accept his application, and there should be some regulations brought in to be used as guidelines in examining all applicants.

Mr. BARRY: Mr. Chairman, I think that probably Mr. Horner's questions are getting around to a matter in which we are all interested at this point I am sure, having to do with the suggestions that some number of the Charolais cattle are going to wind up in the United States. I think that is the bald assumption. I do not wish to interfere with questioning, sir, but if at some point we could make a statement and advise you in this connection, I would appreciate the opportunity to do so. I do not know whether this is the point at the present time or whether the members wish to question further; it is immaterial.

The CHAIRMAN: Would that be O.K.?

Mr. BARRY: Well, I did not anticipate a prepared written statement, sir. I just thought in terms of discussing the matter here.

The CHAIRMAN: Right now?

Mr. BARRY: I think the circumstances under which permits were issued for the importation of these cattle have been outlined by Dr. Wells and are understood by members of the Committee. I should say it was in keeping with the normal procedure followed with respect to import permits for health purposes, except in this case we were faced with requests for more imports than the facilities could accommodate, so there had to be some reduction of the numbers requested.

Now, the suggestions that a number of these cattle had been purchased by American interests and are going to move to the United States of course have been made for some time. These suggestions have been made for some time. We did not lay it down as the conditions of import that the cattle were to remain in Canada. But, I would like to reaffirm on the part of the Department as a whole that Dr. Wells reserved as his point of view that we obviously would hope that these cattle would remain in this country; certainly any of them that are useful, in any event. There may be some that are not useful and it would not matter much probably where they wound up. Now, we have had these suggestions made to us over a period of time from various individuals that a lot of these

cattle are going to wind up in the United States, and we have tried to the best of our ability to verify the accuracy or otherwise of these statements. Let me say here, to interject, or revert for a moment, that while we, I think all, would hope that the great majority of these cattle would remain in Canada, the placing of restrictions on the movement of purebred cattle between this country and the United States under this type of circumstance does create a departure from the free flow of purebred stock which has existed between the two countries, and we would hope that we would not have to get to the point of arbitrarily restricting them. Indeed, there was a resolution which came in just recently from the Canadian Cattlemen's Association opposing restrictions on the exportation of purebred cattle from this country, in view of the precedent it would establish; the government getting involved in this type of control.

Well, as these reports have come to us, and as we have asked for specifics with respect to them, we have tried to check them out. I have to say as a generalization to start with that we have been unable to verify that any of these cattle are necessarily destined to the United States. We understand, purely from our own information, that there has been American money in some of the cattle. Just recently—recently, within the past month—a gentleman who is a member of the Charolais Association, whom I respect, called me personally and said, "This is getting serious; there are going to be a lot of these cattle go to the United States." And I said to him as Dr. Wells has said to others who have made the same statement, "well, can you give me some specifics, now whose are going?"

Now, I will try to phrase my next remark in a sense of not disclosing private information, although it may be related to a circumstance that some of you know him. One example which this individual gave to me was with respect to two Charolais bulls which have been purchased by an artificial insemination unit which is a Canadian branch of an American artificial insemination association. I was told positively that these two animals had been purchased by the American parent association and were to move to the United States. Dr. Wells has checked this out, not only with respect to the Canadian involved, but with respect to the American involved, and he has been assured by both parties, including the vice president of the organization in the United States that the animals were in fact purchased by the parent organization with American money, but that they were going to remain in Canada, to service the units here; the semen would go to the United States from them only if there was an excess to the Canadian requirements. And every case that we have had reported to us where specifics have been named have yielded the same result.

Well, recently, in view of these repeated rumours, we thought it desirable to get an attestation from each person involved. So we sent a wire, we sent a telegram to each importer of Charolais cattle in 1965, in this past season, to the 64 people involved, and we asked them specifically whether it was their intention to move these cattle to the United States, or would they remain in Canada? We have wires in return from the 64 people; with the exception of one individual who said that he had intended to move one animal to the United States, they have all denied any intention to shipping these animals south of the border. And this conforms with the information which we have secured privately. Dr. Wells has telephoned a number of these people privately who have been quoted to him as intending to ship animals to the states. They have

denied it to him personally. We now have the same answer from every individual concerned. We have the wires here.

Now, we realize that there has probably been some difference of point of view between the Canadian Charolais Association and ourselves with respect to one specific item, and that is with respect to whether or not the importation of these cattle should be limited to members of the Canadian Charolais Association. In this we have not concurred. But frankly, gentlemen, in view of what we believe to be honest information which we have received, both privately by telephone calls and Dr. Wells has called a number of the people concerned directly, in view of the telegrams we have received in answer to our specific request of intent, I am afraid we cannot come to any conclusion but that the purported intention of many people to export these cattle to the United States is incorrect.

Now, our information certainly supports the suggestion that there is American money involved. It certainly supports the suggestion that in some cases American interests have bought a portion of bulls and are going to take the semen to the United States. There was a rather feature story in quite a bit of the press and the press weeklies in connection with an individual in British Columbia who was reported to have made a rather profitable deal. That gentleman has assured us that these bulls are going into an insemination unit in British Columbia. Semen from them will go to the United States, of course. Now, I did not relay these facts frankly before you. We are faced here with agitation to put on controls on export, which we do not like to do, which are inimical to the long established position of the free trade in breeding stock between these two countries, on a suspicion, I suggest, or on, at least not so far as we can find, a verified judgment, or a verified knowledge, that there is going to be exportation of these animals from this country to the United States that the stories that are emanating from various sources would suggest. That is the statement I wanted to make. Thank you.

Mr. HORNER (*Acadia*): I would suggest we adjourn to 8 o'clock, Mr. Chairman.

The CHAIRMAN: In one statement it sounded like the article you were referring to—oh, I will not say the rest. We will adjourn.

Mr. WATSON (*Assiniboia*): Could I just ask one short supplementary, Mr. Chairman? It will just take a yes or no answer. Were there other breeds of cattle at the quarantine station other than the Charolais while this was on?

Mr. BARRY: No. Well, there were Canadian cattle.

Mr. WATSON (*Assiniboia*): Canadian cattle; but not other imported cattle?

Mr. WELLS: No. We had requests and questions with respect to other breeds, and we have again this year with respect to other breeds from France.

The CHAIRMAN: The committee is adjourned until 8 p.m.



## EVENING SITTING

● (8.00 p.m.)

The CHAIRMAN: I will now call the meeting to order.

I am going to continue with the list which I had before, and the first member on this list is Mr. Schreyer. Do you have a question? We did not get to you before, but now your name is first.

Mr. SCHREYER: It has been said that the program at the veterinary college at Saskatoon is well into its first phase, but I understand there has been a cut-back, or a termination, in the construction programming there. Would you know if this is so?

Mr. WELLS: No, I am not aware of this, Mr. Schreyer. I was talking to Dr. Smith, the dean of the new faculty of veterinary medicine, either yesterday or the day before on the telephone, and he told me they were digging the hole for the foundation and going ahead full steam.

Mr. SCHREYER: Therefore, these rumours are unfounded, as far as you know.

Mr. WELLS: As far as I know, yes. He did not say anything to that effect. He said things were going along very, very well. They are now digging the hole for the foundation and things are going ahead well. He seemed quite happy, as a matter of fact.

Mr. SCHREYER: Those are all the questions I have at the moment.

The CHAIRMAN: Mr. Noble, you are next.

Mr. NOBLE: I have one related question, Mr. Chairman. I would like to ask Dr. Barry this question: Will these Charolais cattle make any significant improvement to the beef production in Canada, or is this a professional promotion by which the promoters hope to make some large quick profits?

Mr. BARRY: I would like to pass that question—the first part of it, in any event—because we have no brief for or against Charolais cattle. If people want to bring them into this country, and if they can be brought in under terms of veterinary control that satisfies us that there is no disease risk in introducing them, their introduction and their subsequent promotion becomes a private matter.

With respect to the second part of your question, about their being introduced for speculative profit, I suppose that any one who buys anything hopes to make a profit out of it.

At the conclusion of this afternoon's meeting when, as Mr. Horner said, the witness took all the time, I tried to give our understanding of the extent to which anyone may have had in mind a profit out of these by sale out of the country. What may be the situation, profitwise, in their sale in the country, or the sale of semen in the country, again I could not say; I do not know.

Mr. NOBLE: I have a further question I would like to put to Dr. Wells.

What is the federal government's responsibility in respect of the health of fur animals on ranches in Canada?

Mr. WELLS: We have no regulations under the Animal Contagious Diseases Act involving fur-bearing animals in Canada.

Are you speaking now of ranching fur operations, Mr. Noble?

Mr. NOBLE: Yes.

Mr. WELLS: No; we do not have any involvement in these, except that if problems come up then the facilities of our diagnostic laboratories are, of course, available for assistance in diagnosis and in research projects with respect to difficult diseases.

Of course, we do control imports in requiring healthy animals to be brought into the country, and we certify for export.

Mr. NOBLE: Mr. Chairman, I would like to follow that with a further question: Owing to the fact that we have been able to develop vaccines that have been successfully used for the protection of distemper and virus enteritis, what are the possibilities of your department coming up with some research work with respect to aleutian disease which we find we have not been able to deal effectively so far?

Mr. WELLS: Perhaps Dr. Frank can answer that.

Dr. JULIUS FRANK, (*Acting Director, Animal Pathology Division*): We have had our Dr. Gray working on aleutian disease or plasmacytosis and we are still doing some work on this condition.

Mr. NOBLE: Do you think that there is a possibility of coming up with a vaccine that would give as protection?

Mr. FRANK: That is rather difficult to say right now. They first have to isolate the virus and make sure that we can grow it and reproduce the disease with it before we can think of a vaccine. I do not think it has reached that stage yet.

Mr. NOBLE: I would presume that you people have been keeping in close touch with developments in the United States and the work they have been doing?

Mr. FRANK: Yes.

Mr. NOBLE: And would this also apply to what they have done so far?

Mr. FRANK: I do not think there has been any more progress south of the border than there has been here. There is a lot of give and take back and forth on information, and I think the level of knowledge is about the same.

Mr. NOBLE: That is all I have to say.

The CHAIRMAN: Thank you, Mr. Noble.

Mr. Forbes, you were on the list before we adjourned for supper.

Mr. FORBES: I appreciate that very much, as a senior citizen of the committee.

Could you tell us how much per head they pay for these bulls and the Charolais cows in France?

Mr. WELLS: No, Mr. Forbes; I cannot tell you. This, of course, is a matter of private treaty between buyer and seller in France.

Mr. FORBES: Have you any idea, or can you make a suggestion?

Mr. WELLS: Yes, I would think, perhaps, that the female have averaged \$1,200, or maybe \$1,500. The bulls have gone up, as I understand it, to \$5,000 or \$6,000, and according to the press reports one bull is reported at \$10,000.

Mr. FORBES: Thank you.

Mr. SCHREYER: I would like to ask Dr. Wells whether, to his knowledge, the federal Department of Agriculture has bought any Charolais bulls for any purpose whatsoever from any of the importers?

Mr. WELLS: No; the Department of Agriculture have not imported any of the bulls, nor to my knowledge do they own any, or any part of any.

The CHAIRMAN: Of the imported ones?

Mr. WELLS: Of the imported ones, yes.

The CHAIRMAN: Do they have Charolais cattle in any experimental work?

Mr. WELLS: Mr. Chairman, may I ask Dr. Barry?

Mr. BARRY: I think we have some Charolais cattle at many of our stations for cross-breeding work.

Mr. SCHREYER: That is in Alberta?

Mr. BARRY: That is in Alberta. I am not aware of any at any other place, Mr. Schreyer. I could ascertain this for you, but I think this is right.

Mr. SCHREYER: I would very much like to know where these were acquired.

Mr. BARRY: Any that we do own?

Mr. SCHREYER: Yes.

Mr. BARRY: We will ascertain this, Mr. Schreyer.

Mr. WELLS: It is my understanding that the research branch of the department will be acquiring semen for their cross-breeding experimental work.

Mr. DANFORTH: Mr. Chairman, I think what is of concern to most of the members of this Committee is the publicity that was given, which might have affected the importation of our beef products into the United States. I notice in this preliminary report which was given to us, the statement was made which I would like some amplification on, if I may, where it states that contacts were established only after considerable deliberation with our own specialists, as well as authorities from the United States and Britain. When you speak of authorities from the United States and Britain, may I ask if this was in the technical field that this exchange of information took place only, or were the United States and British governments kept aware of the Canadian intent and we kept advised of the step by step process. What was the situation there?



Mr. WELLS: The primary discussions were, of course, with respect to the technical aspects of the importation. We, in Canada, do not conduct research on foot-and-mouth disease for two reasons. Firstly, we prefer not to have the virus of the disease in Canada; and, secondly, there is so much research work being done by Pirbright Foot and Mouth Research Centre in Britain, which is considered the best in the world, and also by Plum Island in the United States Foot and Mouth Research Centre, that it would be a duplication on our part to attempt to do research work in foot-and-mouth disease. Therefore, the primary discussions were with respect to technical matters.

The second part of your question: Yes, both the United States and the British people were kept fully informed, of course, with regard to the technical steps which we were taking to safeguard against the introduction of the disease.

Mr. DANFORTH: May I ask if, at any time, the United States authorities, or those connected with the government of the United States, did, in effect, inspect these premises and satisfy themselves on the measures we were taking, or did they wait until this was concluded before they made any estimation of the methods that we were employing?

Mr. BARRY: Mr. Chairman, Dr. Wells has indicated our discussions with the United States were at the technical level. They were also at the administrative level, in the sense that the United States Department of Agriculture were concerned with animal disease controls.

You may recall that when this project was first proposed there was some considerable publicity in the United States and some suggestion by cattlemen there that these imports should not be permitted. The United States administrative authorities were satisfied that the control measures which were followed, and which were developed in consultation with their technical people and with the British technical people, were such as to involve no risk of the importation of disease into this country.

We had a veterinarian in France examining these cattle on the farms from which they were purchased, and he was accompanied by a veterinarian from the United States department. Further, I may say that we made our facilities at Grosse Ile available for the Americans to have a veterinarian there through the whole quarantine period, which they also did.

Mr. DANFORTH: Am I to understand that the Americans did follow it through step by step, and did I hear correctly that you stated that the Americans themselves provided a veterinarian at Grosse Ile so that they could observe for themselves—

Mr. BARRY: As an observer; to satisfy themselves that the procedures which were laid down were indeed being followed, yes.

Mr. DANFORTH: Was this this Texas gentleman?

Mr. BARRY: No.

Mr. DANFORTH: Under whose auspices did the State of Texas send this man in? Was this by the State of Texas or, was this by a private concern that this gentleman came in to Grosse Ile?

Mr. BARRY: I wonder if I could briefly review this situation.

As we all know, there had been some degree of concern among U.S. cattle people with respect to this operation which, as I said a moment ago, was not concurred in by the United States Department of Agriculture. They went along with our proposals.

These gentlemen from Texas, as I understand it, presented themselves and asked for permission to visit the Grosse Ile station. They both were salaried employees of the State of Texas, one being the agricultural commissioner and the other the quarantine officer. I tell you frankly that I did not know, until after the event, that they were there.

I suppose our people were faced with the situation where two legitimate officials of a state government, for their own satisfaction, wanted to see the quarantine station. I presume they were still faced with dealing with questions at home about these imports, and, as a judgment matter they were permitted to enter the station and see it. This was after the completion of the quarantine.

Someone raised the question of what would have happened if someone from each of the 48 states had presented themselves. I do not know. There was a judgment, at the time, whether these people should be allowed to enter or not. They were legitimate, verified officials of a state government.

Mr. DANFORTH: May I ask, Mr. Chairman, whether, to your knowledge, there was any report, either compiled or made public by the appropriate officials in the United States and presented to their government, or a copy of it presented to our department, with regard to their complete satisfaction with our quarantine methods?

Mr. BARRY: Dr. Wells, Mr. Danforth has asked whether there was any report compiled by the American authorities with regard to their complete satisfaction with our procedures. I think the answer specifically is no, there was no final report made by them. They did have an observer present through the whole operation, both in France and here, and we can only assume that had they found anything that was not in their judgment being done properly they would have raised it. The fact that they did not raise anything leads us to the inference that they found the procedure satisfactory.

Mr. DANFORTH: Is it the fact, then, on the strength of the information you have just given to me, that we have no guarantee that they have been completely satisfied, or that this would not affect any consideration of the importation of cattle into the United States?

Mr. BARRY: We have a letter which came in advance of the importations, as I recall it, from the Secretary of Agriculture to the Minister of Agriculture, saying that the conditions which were being followed were satisfactory. I am sorry, but Dr. Wells has just reminded me of this.

Mr. DANFORTH: I am satisfied on that point.

If I can get back to Grosse Ile which, as I understand it, is new in its particular facilities, is this the only maximum security isolation centre we have in Canada?

Mr. BARRY: Yes.

Mr. DANFORTH: It deals specifically with the importation of cattle, and no other animals are involved. It is for this one specific purpose?

Mr. WELLS: We have operated Grosse Ile for a number of years as our virus research station. We use it during the summer period for virus disease research in conditions which we would prefer not to handle in our normal research laboratories. In the winter time we are now using it as a cattle or livestock import maximum security quarantine station.

Mr. DANFORTH: Could I ask, Mr. Chairman, if it entailed either a modification or an additional expense in order to provide the necessary facilities for this particular—

Mr. WELLS: Yes, we had to build the maximum security quarantine station.

Mr. DANFORTH: Is there any other station comparable to this in Canada, or is it the only one we have?

Mr. WELLS: It is the only one we have. We have two other quarantine stations for the import of cattle from countries other than the United States. One is at Saint John, N.B. and the other is at Levis, Quebec.

Mr. DANFORTH: Is this maximum security?

Mr. WELLS: No.

Mr. DANFORTH: The thing that is of interest to the Committee is exactly who initiated this procedure of a maximum quarantine station. Was it done specifically so that we could import cattle from a nation which had had hoof and mouth disease. Why was this initiated? I am curious to know why, at this particular time, we would, all of a sudden, build a maximum security station in Canada and import, from one specific country, one specific breed of cattle. Why did this happen after years? I find this quite hard to understand.

Mr. WELLS: The provisions of the Animal Contagious Diseases Act provide that animals may be imported from certain countries.

One of the provisions is that animals can be imported from a country provided there has been no foot and mouth disease in the region from which the cattle are originating for a number of months prior to the importation. Therefore, it is the normal citizens' right to make use of the provisions of the Animal Contagious Diseases Act when the conditions, in any country from which he wishes to import, are such that the importation can be made.

In the case of our other two quarantine stations, they import from countries free of foot and mouth disease. These countries are Norway, Britain and Ireland. In this case no country had, for years, reached the point with foot and mouth disease control that application could be made of these provisions established under the Animal Contagious Diseases Act. When these conditions were met, then it was the right of any individual to ask for importation from these countries.

It was a departmental decision then to decide whether, in fact, the individual would be denied the rights provided to him under the provisions of the Act, or whether facilities in order to permit him the use of those privileges would be exercised.

Mr. DANFORTH: I can understand that this is a general answer to my question, but I think it is too much of a coincidence to expect that, all of a sudden, in one single year, we have an application to import one specific breed



of cattle from one specific country. There must have been some motivation behind this.

Did the Charolais association petition the department, requesting that such action be taken. Was it done by the government? Did the government initiate this program as a matter of policy?

Mr. WELLS: For a number of years we have been receiving requests from individuals throughout Canada, and I cannot recall, at the moment, any specific petition from the Charolais association. I guess we did have them. Certainly there were requests from many individuals over a number of years for the importation of these cattle from France, in fact, the disease conditions in that country had never been right prior to last year.

This was brought about by the work of the European Foot and Mouth Commission under the auspices of the Food and Agricultural Organization, and by increased activity by the French government.

I must mention, of course, that there was some interest in other breeds from France. There was interest in the Limousin and the Semmental breeds from France. None of those came in last year. We understand that there will be more interest in some of these other breeds this year.

Mr. DANFORTH: Am I to understand, then, that there had been consideration and decision to build this maximum security station at Grosse Ile pending the time when France could be declared in a state of being free from foot and mouth disease?

Mr. WELLS: No. The station was not built until France had reached the state where importations could be accepted from that country, or any other country for that matter. We have had no applications from other European countries, but if we did receive applications from other European countries, then, of course, we would have to examine the disease position in those countries.

Mr. DANFORTH: I cannot seem to get the answer I am after. Someone had to initiate the expenditure of this money to change the status and the use of this station at Grosse Ile.

It was either initiated by the Canadian government on a request by the Minister, or on the request of the Charolais association, or on the request of the French government, they having reached a status where they felt that they were in a position to qualify for the export to Canada of these cattle.

There must be some stage at which this entire transaction was initiated. This is what I would like to get at.

Mr. WELLS: It was brought about by the request of individuals to import cattle from France.

These requests have been coming in for many years, Mr. Danforth, and they have been continuing, and last year there were continuing requests. Each year we examine the position of disease in each country. When the requests continued to come in for the importation of these cattle, we were then in the position of having to say whether, in fact, the disease conditions in France were satisfactory, or whether they were not.

Our findings were that the disease conditions in France were satisfactory. Therefore, honouring the request of citizens to import from that country, the

decision was then made, because the disease situation in France was acceptable; the individuals wanted the cattle, and therefore the decision was made to proceed with the station.

Mr. DANFORTH: Is there any thought of enlarging the station and the facilities at this quarantine station?

Mr. WELLS: Yes; because of the continuing demand for increased numbers and the expectation of other breeds some thought has been given to it.

Mr. DANFORTH: Might I ask another specific question? Why was it that the semen was not imported from France into both the United States and Canada?

Mr. WELLS: Semen is a carrier of foot and mouth virus. Semen taken from a bull which is undergoing, or has undergone, foot and mouth disease may contain the virus. It is impossible to quarantine semen, because one cannot tell if there is virus in semen.

At about the same time that we were developing our station—the idea of the station and the technical control measures of the station—the United States and ourselves were looking at the possibility of importing semen under restrictions from France because of the freedom in that country from foot and mouth disease.

The United States, did, in fact, develop and pass regulations permitting the importation of semen from France; but the controls necessary for the importation of semen were at the same level of expense as the controls for the importation of the animals themselves. In addition to that, in bringing in semen you get only one half of the genetic pool.

Mr. DANFORTH: I can appreciate that. To your knowledge, is there at the present time any application from any individual or association in Canada to import cattle or livestock from any other country which has had hoof and mouth disease?

Mr. WELLS: Mr. Danforth, we get requests quite regularly from people seeking to know if it is possible to import animals of various species from various countries.

As an example, we have requests to import swine from some European countries. Swine present an entirely different problem from cattle with respect to the diagnosis of foot and mouth disease. Their blood does not react to the complement fixation test similarly as that of cattle. These are rejected on the basis that technical conditions which would permit safe importation cannot be met.

I am sure that we must have had, within the last year, requests to import animals from countries which are not acceptable to us, but I could not specifically name any of them. They come in quite regularly.

Mr. DANFORTH: If I might digress from that line of questioning to one other main theatre that I am interested in, Mr. Chairman, it has to do with the applications for importation. This was covered this afternoon, but there are a few points on which I am not clear.

Was there a general announcement made through the trade that facilities would be provided for the importation of Charolais cattle from France?

Mr. WELLS: The Charolais association were advised, and, of course, the agricultural press covered the advice to the Charolais association quite fully.

Mr. DANFORTH: I would imagine there would be a departmental release.

Mr. WELLS: Yes, there was a departmental release by the Minister.

Mr. DANFORTH: At this time was there a release which concerned breeds other than the Charolais?

Mr. WELLS: In all departmental releases and correspondence with respect to the importation of livestock or cattle from any country, the word "Charolais" has not been mentioned.

Mr. DANFORTH: Well—

Mr. WELLS: I say Yes; I think this is right. In other words, we deal solely with cattle, as such.

Now, forgive me; we may be able to find some place where the word has been mentioned, but, generally speaking, we are rather careful, because we deal with cattle not with briefs.

Mr. DANFORTH: To follow along this line of thought, we have certainly heard a lot of rumours to the effect that there were a tremendous number of applications made for importation. If my memory serves me correctly, I think you gave me a number of 67 accepted applications.

Mr. WELLS: Yes, 67 or 69; I am not too certain.

Mr. DANFORTH: May I ask: In your estimation, how many actual applications came in as a result of this news?

Mr. WELLS: Those were the actual applications. Every person who applied—perhaps I should backtrack for a moment. They wrote us letters and applied, and at that time we listed them all. When the conditions of importation were laid down we wrote back to everyone who had applied and said, "These are the conditions; would you read them carefully, sign the attached statement that you have read them, and that you agree to them, and return it to us confirming that you wish your application to stand." I say 69 original applications. It was in that vicinity. Everyone who confirmed their interest, after having read and accepted the conditions, got a permit.

Mr. DANFORTH: I think this is the field we are interested in. Certainly when those letters were sent out by the department stating the qualifications and the regulations, there would be a number that would drop out.

You say there are some 60 odd who did actually import cattle. Can you give us some idea of the number of initial applications and the ones who actually did get permits?

Mr. WELLS: That is it, sir, 69; and—

Mr. DANFORTH: In other words, there was a very small number who dropped out.

Mr. WELLS: Yes; I think two or three. There were originally 67 permits issued, and some of those cattle had gone to Brest and failed to pass the Brest test, and, therefore, they did not come to Canada, and the permit, of course,



became null and void because the cattle were not eligible to come. A total of 64 permit holders got cattle out of Grosse Île.

Mr. DANFORTH: These rumours we heard about of hundreds of applications being restricted to a favoured few, or chosen by lot, or some other way, was just mere rumour and had no foundation in fact?

Mr. WELLS: Totally false, sir.

Mr. DANFORTH: Fine. I am interested in knowing if the applications dealt solely with Charolais that came in?

Mr. WELLS: We did have one letter in one original application last year mentioning another breed.

Mr. DANFORTH: The vast majority was concerned with this one particular breed.

May I ask something which is, I think, of interest: Who of the Charolais association sat with the government officials in going through these applications? Were they officers of the Charolais association or were they appointed by the Charolais association? Where we have a board sitting on applications it is always of interest to know who comprises the board and on what authority they sit?

Mr. WELLS: They were not a board in that sense. They were here for another purpose, and frankly I forget that purpose. There were the secretary-treasurer of the association, the president of the association—

Mr. DANFORTH: They were officers?

Mr. WELLS: Yes; there was also a director. It was not the whole executive, but by and large they were either directors or—

Mr. DANFORTH: Officers of the association.

Mr. WELLS: —officers of the association; and they did not sit as a formal board.

Mr. DANFORTH: More in an advisory capacity?

Mr. WELLS: Yes. We were attempting to sort this thing out.

Mr. DANFORTH: And they were there by the invitation of the department.

Mr. WELLS: Oh, yes.

Mr. SCHREYER: Was the cost of keeping the cattle at the Grosse Île station largely recovered from the importers?

Mr. WELLS: It will be totally recovered from the importers.

Mr. HORNER (*Acadia*): With regard to the applications, what is the score for this coming year?

Mr. WELLS: We had originally 252 applications. We have sent out material, of which you have copies, and we set last Friday night as the deadline.

Mr. HORNER (*Acadia*): Last Friday night?

Mr. WELLS: Yes.

Mr. HORNER (*Acadia*): Was this given any general notice or advertisement? I have some friends who might have been interested.

Mr. WELLS: Mr. Horner, it was given sufficient general notice that 252 people originally applied.

Mr. HORNER (*Acadia*): The Charolais association was notified?

Mr. WELLS: Oh, yes; and again a press release went out from the department saying that we were going ahead with another importation this fall providing conditions remained favourable in France.

Mr. HORNER (*Acadia*): I was just joking when I referred to any friends I might have!

Mr. WELLS: Of those 252 applications, while we said Friday night, we felt, in all fairness, because of some mail problems, that we should give them Monday morning's mail, which we did, and we have received 206 confirmations of intent.

Mr. HORNER (*Acadia*): Are you going to be able to handle the 206 applications?

Mr. BARRY: If I might just interject, this is 206 people, but the total number of cattle they want to bring in is 1,700.

Mr. HORNER (*Acadia*): We are getting to the crux of the thing, and this is very interesting. Let me put it this way: Are you going to handle all the cattle that the 206 people want to bring over?

Mr. WELLS: No, sir. We do not have those facilities.

Mr. HORNER (*Acadia*): What percentage of the 1,700 are you going to be able to handle?

Mr. BARRY: If I may I will answer your question this way, that we must make a decision shortly, and we will make it, on whether we will increase the facilities at Grosse Ile this year. That decision has not yet been finally made.

If we increase the facilities at Grosse Ile this year, this will permit the importation of approximately 220 or 225 head of cattle.

I hope we will not be pressed for an answer right now on how we are going to make an allocation, because this still has to be—

Mr. HORNER (*Acadia*): Not by me.

Mr. BARRY: That is the problem that faces us, actually.

Mr. HORNER (*Acadia*): I hope I can continue without appearing to be pressing you.

We have a desire by Canadians to bring over 1,700 head of Charolais cattle. At the moment, the maximum quarantine station which they have to pass through will handle in the neighbourhood of 113 or 115 head. The department is considering enlarging those facilities to handle 225 head. Can you give the Committee a rough idea of what expenditures would be involved if the enlargement took place?

Mr. BARRY: We do not have a firm figure on this as yet. This construction will be done for us by the Department of Public Works.

I think it would be a fair assessment to say that the cost would be in the order of \$350,000, or something of this nature, to duplicate the facilities.

Mr. HORNER (*Acadia*): This would entail the building of barns and sheds and pens and I would imagine most of the pens would have cement floors, so that the maximum health safety features would be employed.

Mr. BARRY: I see Mr. Danforth frowning, and I frown as well at the cost of this, but there are certain standards of construction with respect to a quarantine station, and if I may say also, it is an isolated location to get material and men into for the construction.

Mr. HORNER (*Acadia*): As one engaged in the commercial operation of the livestock industry I have found that that kind of an expenditure helps the purebred breeders. I think sometimes, when I go to buy bulls that they are receiving the cream of the crop.

To set aside these lighter matters, we see an expenditure of \$350,000 and possibly upwards to \$500,000—and I do not think I am being unreasonable when I stretch it to that much—for the importation of an additional hundred head of cattle, roughly speaking; here, again, I am rounding off the figures. How do you propose to screen the applicants down to the proposed amount?

Mr. BARRY: This is a question I hope you will not press me on at the moment, because we—

Mr. HORNER (*Acadia*): I do not want to appear to be pressing you, but this is a point in which I could foresee the difficulty you were going to get into unless you set up some stipulations and some regulations. This is what I was dealing with this afternoon.

If you will recall, I referred to the distribution of the Lacombe hog and the distribution of plant seed only to registered growers. Is the department considering allowing for the distribution of this new seed only to registered Charolais breeders of Charolais cattle?

Mr. BARRY: I think; sir, I would have to say no.

Mr. HORNER (*Acadia*): You are ruling that out immediately?

Mr. BARRY: I do not want to rule on anything quite yet, but we tried this afternoon to enunciate the principle that this was probably the one area of difference between us and the Charolais association; that the mere fact that a person may not be a member of a certain breed association is not necessarily a reason why, in our opinion, he should be discriminated against in the importation of cattle. He may have just as valid a use for it. He may be a rancher who wants them for this type of thing and—

Mr. HORNER (*Acadia*): Could you give the Committee some idea why you are ruling that out?

Mr. BARRY: Yes; because we think, as citizens, that anyone who is interested in the cattle business, or who is in the cattle business, has an equal right to the use of departmental facilities for the importation of cattle.



Mr. HORNER (*Acadia*): All right. Let us just follow that same criteria down to the registered seed grower. I seed a few acres, too, and I would like to get into some of this registered seed business. I could keep at least one field clean of weeds. Could I not be given, or allowed to be given, let us say, when Selkirk wheat came out or Chinook wheat came out, the registered seed, or be allowed even to have my name drawn from a hat—which is a very speculative way of seeing a new seed variety come into being—but do you not think that there is a precedent here and that perhaps we should be following it?

Mr. BARRY: I think this is a point where you and I differ, Mr. Horner. We do not think we can draw a proper analogy between the distribution of a new variety of seed which has been developed by the department—

Mr. HORNER (*Acadia*): A lot of money has been spent on developing that.

Mr. BARRY: Oh, yes; and I appreciate that.

Mr. HORNER (*Acadia*): The first owner of that variety is in a position to profit from being one of the few people who have that variety for sale.

Mr. BARRY: This becomes a difficult decision as well. After all, everyone wants a new variety and there just is not enough to go around. Therefore, a decision has to be made.

Mr. HORNER (*Acadia*): I have always been envious of the people with the new varieties.

Mr. FORBES: There is a complete difference between a product that is developed by scientific experts in Canada and one which is imported from another country, over which Canada has no control other than the health regulations. For Mr. Horner's information, when the department produces a new seed today, such as Selkirk or Manitou, they also allocate it to us in small quantities and they establish a price, so that we can charge only so much. Then, from the second crop, if there is an export permit issued—and, again, there is no export permit issued on new varieties which are developed in Canada for a certain length of time—then we may capitalize on a little above market price. There is no comparison whatever.

Mr. HORNER (*Acadia*): I fail to agree with Mr. Forbes. I think there is a parallel. We are bringing in a new seed, and if it is developed by scientific research that scientific research is still subsidized by the taxpayer, and the results of that scientific research should benefit Canadians generally.

The CHAIRMAN: May I interject?

Mr. HORNER (*Acadia*): Here we are subsidizing the importation of a seed to benefit Canadians generally.

The CHAIRMAN: Mr. Horner, the only thing I want to interject here is that we do not put restrictions on who can purchase a Hereford bull, or a shorthorn bull, by importing them. I do not see how in the world we can continue this line of suggestion that we restrict who buys a Charolais heifer or bull when we do not do it with any other breed.

You are suggesting that we licence these people and put the Charolais in a preferred class. What if I wanted to start breeding Charolais cattle? This would be a discriminatory thing which you are suggesting.

Mr. HORNER (*Acadia*): Mr. Chairman, I am just trying to aid the department and benefit my constituents and Canada generally. This is my sole purpose here.

I well realize that we have in our midst a purebred shorthorn breeder, a purebred Hereford breeder and a purebred Angus breeder, but the department is faced with the difficulty of trying to screen applications to import 1,700 head of cattle down to 113 head, or, if an expenditure of taxpayers' money is made, down to 225 head.

The department, through Dr. Barry, has said that they disagree with the suggestion I have made. My suggestions are very flexible, and I threw one out and he disagreed with it. I wanted to know specifically why he disagreed with it, when a precedent had been established with seed growers and with Lacombe hogs. That is basically what I want to say.

Mr. BARRY: I am very grateful to Mr. Forbes for explaining, in much better language than I was able to, why we did what we did.

Mr. HORNER (*Acadia*): I did not accept Mr. Forbes' explanation at all, because he drew the analogy that, because seed was scientifically developed by Canadians for Canadians; it should be parcelled out only to registered seed growers.

I see no difference between this and seed which is brought over from another country, but thoroughly examined and quarantined at the expense of taxpayers. I see no real difference why this should not be parcelled out.

I might ask you, Dr. Barry, or you, Mr. Forbes, why registered seed is given out only to registered seed growers, if you feel there is no real difference.

Mr. FORBES: Mr. Chairman, this is given out to seed growers, and particularly elite growers,—

Mr. HORNER (*Acadia*): Elite growers?

Mr. FORBES: —for the purpose of maintaining purity. These men, through years of experience, can rotate these crops to maintain that high standard which is 99.9 per cent pure, and then it is allocated to the general public after quantities have been increased to enable everyone to benefit by it.

The CHAIRMAN: But, Mr. Forbes, cannot Mr. Horner, if he so desires, become a registered seed grower, if he wants to meet all the qualifications?

Mr. FORBES: Yes; and I think with a little training he could!

Mr. HORNER (*Acadia*): To be quite frank, I am not that good a farmer. Furthermore, I do not want to become a registered seed grower; but—

The CHAIRMAN: Mr. Horner, what Mr. Forbes is saying, though, is that it is for the protection of all the farmers who are growing grain that they make sure that this grain stays good and pure, and it is guaranteed good seed for the average farmer.

Mr. HORNER (*Acadia*): That is fine; and I agree with Mr. Forbes that this is the basic principle of why plant seed is parcelled out in this way.

What I am saying is that we, the Canadian taxpayers, have spent \$1 million—I am just using that rough figure—and Dr. Wells or Dr. Barry can say I

am out a country mile—developing Grosse Ile quarantine station for the benefit of the livestock industry generally. We have spent that money. Let us pursue that money down the road a little to ensure that our expenditure will be used to the best advantage of the Canadian people.

Mr. Forbes has said that plant seed must be distributed only to registered seed growers and elite registered seed growers, because that seed must be kept pure, and, if it is kept pure, only after we have a large quantity of pure seed do we allow the commercial breeders and the commercial measures to get into the act.

Cannot the same be said of this seed we are bringing over? We have spent money to bring it over—we have spent taxpayers' money to bring it over. Should we not pursue that money a little further and see that that seed is kept pure for at least a number of years, or even a couple of calf crops, so that we have a larger amount of that seed here in Canada and more and more Canadians can benefit readily and rapidly from this initial expenditure by the Canadian taxpayer?

This is basically what I am saying.

The CHAIRMAN: I just want to make one comment, Mr. Horner. There are several other beef breeds in France. What if I wanted to import 50 Limousin cattle or Semental cattle? Who are they going to go to in Canada? Are we going to say they are going to go to the registered Limousin breeders in Canada?

Mr. HORNER (*Acadia*): I would say, Mr. Chairman, if I had any authority—

The CHAIRMAN: You would not stop me from bringing them in?

Mr. HORNER (*Acadia*): If I had any authority, Mr. Chairman, and you could convince me, or the department, through qualifications, through recommendations, through your financial status, that you were prepared to become a registered Limousin breeder here in Canada and propagate that breed to the benefit of all Canadians, then I would say yes; but if you were prepared only to speculate in that breed, I would say no, that that breed was better left in France.

Mr. SCHREYER: I have a supplementary. A few moments ago I asked Dr. Wells if the federal government had recovered from the importers the costs of holding the cattle at Grosse Ile. I believe he replied that the federal government will recover all of the costs.

I would ask if, subsequent to the construction of the additional facilities there, any of the capital costs will be imputed into this as charges that will be made in the ensuing years?

Mr. WELLS: Yes; starting this fall there is an additional capital cost being added, which will accrue totally to the department, of \$5 per day per head up to a maximum of 90 days. This is in addition to the cost of care and feed.

Mr. SCHREYER: In the hope that after a period of how many years the capital cost will be recovered—amortized over how many years?

Mr. BARRY: If we have 110 head and they pay \$5 per day for 90 days, that is \$450 times 110, or 100, and that would be approximately \$45,000. It would take about 10 years to recover the cost of the one premises.



The CHAIRMAN: Would this not have the effect of making this only a rich man's game?

Mr. BARRY: This additional amount—

The CHAIRMAN: The E. P. Taylors and all these people would be buying them, but how in the world is the ordinary farmer going to be able to do this?

Mr. BARRY: Every buyer this year had quite a substantial bill in the importation of these cattle.

Dr. Wells, in answer to a question, suggested that these bulls cost up to \$6,000 or \$7,000, and there is the additional cost of their care and maintenance through the quarantine period. I would not think that this additional capital cost charge would make a great difference in the total bill, or that it would exclude people who would otherwise be interested.

Mr. HORNER (*Acadia*): This is true. This is one of the new policies which have been adopted this year. The capital cost charge was not placed on the cattle last year, and I whole-heartedly endorse the placing of the capital cost charge on the importation of these cattle this year.

With regard to the Chairman's remarks, putting this in the category of only a rich man's game, I do not know any poor elite seed growers. I do not know if there are any, but I am sure not looking at one right now!

If we want the seed to be kept pure and clean we must put it in the hands of someone who is financially able to do it. All I am saying is that it must be someone with not only a financial interest in the seed but the desire and determination to keep that seed clean and pure. This is what a registered plant seed breeder must do. He must have the desire and the determination to be an elite seed grower. He must take pride in being an elite seed grower.

All I am saying is that certainly our interests in developing a new plant seed are best guarded by someone who has that initial pride and has that desire and determination.

In your screening of these applications should we not take a very close look for the people who have that desire and determination and pride in their operation?

Mr. BARRY: What criterion would you suggest we use to determine this, Mr. Horner?

Mr. HORNER (*Acadia*): To be frank with you, Dr. Barry, I know nothing about the Charolais breed association. I have never attended one of their meetings, and I have really never had too much to do with the official Charolais breed. I have some Charolais crosses on my farm right now, but I think, in order to be a Charolais breeder, you must be very proud of that strain of cattle, and you must have the desire to propagate and produce that breed of cattle.

I think if I were a Charolais breeder I would very eagerly and very earnestly demand that the department put me in a special category in the classification, or in the screening, of applicants. I think this is only fair to the association. Why allow me, a Johnny-come-lately in the breed, with a few dollars in my pocket, to say to you that if I can bring over one or two of these cattle I should be permitted to do so, when I have nothing to cross them with; I have no purebred Charolais now, and if I bring over a purebred Charolais bull I

have nothing to cross it with, nothing with which to propagate the seed for the benefit of more Canadians. If I spread the seed on my ranch it is going to be impure and a little bit unclean, believe me, and not too many Canadians will really benefit from that type of application of the spreading of that seed.

Mr. BARRY: Mr. Horner, I do not know the precise number, but some of the bulls imported have gone to artificial insemination units who are not breeders. Would they deny an artificial insemination unit the right to—

Mr. HORNER (*Acadia*): No, absolutely not, Dr. Barry. In my appraisal of the situation, I would not deny an artificial insemination station because it is in a category by itself. Here they are going to produce pure clean seed; in fact, they should be placed above a registered breeder, or at least equal to a registered breeder. They are going to produce pure clean seed for the general good of as many Canadians as they can possibly satisfy.

Mr. BARRY: I suppose the semen which goes to artificial insemination units will be used on both purebred Charolais and for crossing purposes and for a variety of purposes. There is no assurance how that would be used.

Mr. HORNER (*Acadia*): But you understand my point in this? I am using myself as an example and saying that the breeder of commercial cattle should not be placed in the same category as one who is prepared, and has spent money and has the progeny to cross and maintain a clean strain. I do not care if the department does not make this a stipulation. As long as they give it some preference and some consideration I am satisfied. I think it is due and I think it is warranted. Would you not agree that it is warranted it, not necessarily in the case of a semen-distribution system, but certainly warranted in any case, a commercial breeder of cattle.

Mr. BARRY: I really do not know sir.

Mr. HORNER (*Acadia*): I hope, in the weeks ahead, when the department makes that decision, that they will give this some consideration and that my words have not been wasted.

I have a couple of other questions.

With regard to the purchasing of the initial group, and if very few of these cattle are going over to the United States, I wonder if Dr. Wells would care to comment on why, it came out in the press immediately that the price of Charolais cattle had gone up in France because of American purchases over here. Why were these Americans over in France, and for what were they purchasing Charolais cattle? Could Dr. Wells comment. Did they send a group to Nassau in the Bahamas, or—

Mr. WELLS: I am afraid I cannot give any explanation. I know that there are two United States people who own and maintain herds of Charolais cattle in France.

The CHAIRMAN: I would say, Mr. Horner, that this is far beyond what Dr. Wells is here to answer. What Americans are doing in France has nothing to do with our Department of Agriculture.

Mr. HORNER (*Acadia*): I have one more question, Mr. Chairman, and then I want to thank Dr. Wells and you, too, because you have been very considerate. I hope my remarks have not gone to waste.

Have Charolais cattle come into Canada without going through the maximum quarantine station at Grosse Ile?

Mr. WELLS: Yes.

Mr. HORNER (*Acadia*): Have they come in recently?

Mr. WELLS: Yes.

Mr. HORNER (*Acadia*): Sixty or 70 head from Nassau?

Mr. WELLS: No.

Mr. HORNER (*Acadia*): From the United States.

Mr. WELLS: That I can tell you. Yes, they are coming in from the United States on a daily basis.

Mr. HORNER (*Acadia*): But they have come over from other countries?

Mr. WELLS: Yes.

Mr. HORNER (*Acadia*): What I am getting at is: Have there been some Charolais breeders in Canada who have circumvented the maximum quarantine station on Grosse Ile. In other words, have they taken them to Nassau, kept them there for a year or two, and then brought them into Canada.

Mr. WELLS: No.

Mr. HORNER (*Acadia*): There is none of this going on?

Mr. WELLS: Charolais cattle have come in from Norway and from Nassau. Both of these countries are considered free of foot and mouth disease. These cattle have come through the standard quarantine station.

Mr. HORNER (*Acadia*): And has the Health of Animals branch examined the operations at Nassau and satisfied you, following an over-eager demand by the livestock industry to import Charolais cattle because of some newspaper article to the effect that people have made thousands, that the Nassau operation is safe and that the Canadian livestock industry is protected from foot and mouth disease?

Mr. WELLS: Yes; but I must make it clear that Charolais cattle which have come from Norway and Nassau have been born in Norway and Nassau. They are not cattle which have been moved from France to Nassau, or France to Norway, and then moved into Canada.

Mr. HORNER (*Acadia*): I am very satisfied with your answer, Dr. Wells.

Mr. WELLS: We require certification that the cattle are born in the country. We do not permit third country circumvention.

Mr. HORNER (*Acadia*): I am very pleased with that answer and I might say, Dr. Wells, knowing that the Chairman probably will not give me the floor again, that I appreciate your answers today. You have enlightened me a great deal and, through me, I hope, a lot more Canadians.

Mr. WELLS: I would just like to say to Mr. Horner that, in spite of press reports that 30, 40, 50, and 70 Charolais cattle have come from Norway, the number is three.

Mr. HORNER (*Acadia*): And how many from Nassau?



Mr. WELLS: The number is 35.

Mr. HORNER (*Acadia*): I said 60 or 70; I just doubled it.

The CHAIRMAN: Mr. Noble, on a supplementary.

Mr. NOBLE: Mr. Chairman, this question may be hypothetical, but if I wanted to import cattle from Australia or New Zealand or Japan the most logical place to land them would be on the west coast. Would I necessarily have to take them around to Grosse Ile to get them into the country, or is there some other provision?

Mr. WELLS: Australia has contagious pleuro-pneumonia and therefore you could not bring cattle from Australia. Japan we have not cleared with respect to foot and mouth disease, and if you wanted to make an importation the first problem for us would be to ascertain if the importation could be safe from that country. New Zealand is free of foot and mouth disease and rinderpest and all of the other diseases with which we are concerned, and the importation would not have to go through the maximum security quarantine station, Mr. Noble, it would come through our ordinary 30-day quarantine station.

We do not maintain such a station permanently on the west coast, because of the limited importations, but we do have available facilities which we rent for those occasions.

Mr. NOBLE: Thank you very much.

Mr. McLELLAND: My question is relatively close to the subject of Charolais cattle. I have just two question, and one is supplementary and the other is not.

In the application which are coming in are there very many repeats. What I mean by that is that in the case of those who have brought animals in before are you accepting their application again for one year?

Mr. WELLS: Yes; a goodly number of them are repeats.

Mr. McLELLAND: The other question had to do with Health of Animals. Could I pose that now, or do you wish me to wait?

The CHAIRMAN: I would like to finish the cattle, if we could.

Mr. McLELLAND: This is just a quick one.

We still have the odd worry in Saskatchewan about the foot and mouth disease outbreak we had some time ago, and every time something pops up in that corner of the province I always worry about the danger of foot and mouth disease coming back. Is there any precaution being taken in that location, which is not taken in any other part of Canada, to assure the people that there is not will be any more outbreaks of foot and mouth disease in that area?

Mr. WELLS: No, sir. In so far as we are aware, there is no virus of foot and mouth disease in Canada, and precautions are taken throughout the entire nation. Every suspicion and any reported disease outbreak which is not clearly defined we immediately investigate, regardless of where it is, to ascertain what disease it is.

Mr. McLELLAND: Have things been speeded up so that it will not get out of hand as it did at that particular time, or are the necessary controls still in

effect? There were many, many people whose herds were completely destroyed where there was no virus connected with it, I expect, but they were in the vicinity.

Mr. WELLS: It would still be necessary, if an outbreak were to take place in this country, that the infected herds, and any herds which had been associated with that herd, would be destroyed. To effectively eradicate disease one must get ahead of it, not work from behind it.

Mr. McLELLAND: You would not consider taking the healthy animals and quarantining them before they were destroyed?

Mr. WELLS: No, sir; not with foot and mouth disease.

Mr. SCHREYER: Mr. Chairman, my question may have been asked earlier in which case I can find it in the Minutes, but I would ask: Have any calculations been made of the net cost to the federal treasury per head imported in the last importation program?

Mr. WELLS: No, not per head calculations.

You see, to do that one would have to decide over how many years we wanted to amortize the station. We could hardly assume that the total cost of the maximum security quarantine station should be charged against the one importation, because the station will last us 25 to 30 years.

Mr. SCHREYER: I think it is unfortunate that we have not been able to strike at least some estimate, because it would appear that some people are becoming of the opinion that what is involved here is federal subsidization of a certain small segment of our agricultural industry, and perhaps unjustly so, since many would appear to be relatively not in need of any form of subsidization.

Mr. BARRY: I would like to avoid any misunderstanding here, and I will ask Dr. Wells and Dr. Moynihan if I am right in what I am going to say.

Apart from the capital cost of the station, which was not a part of the charge last year but will be this year, and apart from the cost of our own veterinarian in France and maintaining our veterinarian at Grosse Ile during the quarantine period, all the cost of maintaining, caring for, transporting, feeding and everything else, of the cattle were borne by the importer.

Mr. SCHREYER: Nevertheless, Dr. Barry, you would not deny the statement that there is a degree of subsidization involved here?

Mr. BARRY: To the extent last year of the capital cost and to the extent only—I think I am right—of our own veterinarian who was in France and at the quarantine station.

Dr. Wells has just given me a figure. Our total cost, apart from what was recovered, including our veterinarian in France and things of this nature and our laboratory men taking samples, was \$26,000.

Mr. WELLS: That is the figure we brought out the other day.

The CHAIRMAN: Mr. Forbes, you had asked for the right to ask a question some time ago. Do you still want to ask that question?

Mr. FORBES: I think my questions have been pretty well answered.

Mr. HORNER (*Acadia*): I have another subject, when you finish with the Charolais cattle.

The CHAIRMAN: Several other people have, too, Mr. Horner.

Mr. CADIEU: I think my questions have been pretty well covered. I am not afraid of seeing another breed of cattle. I think that we cannot improve our cattle too much, and if they have something in Charolais let us have it. I am continuously trying to improve my herd. I have good ones, but I think I can still improve them.

The thing that did have me concerned—and I understand this question has come up—was that I would hate to see Canadians being deprived of the opportunity of bringing them in, through capital being put up from another country, and their getting in through the back door.

I am speaking now of across the border and I am just wondering about the situation where a man was subsidized to bring in cattle and then, possibly, for all we know, a part share in them was sold before he ever got a subsidy to bring them in. I understand that last year the breeders who brought them in did not pay any of this expense, and this year, if I am correct, I hear that the department is going to make a charge. I think that should be guarded against.

I agree with Mr. Horner on who should be privileged. I think applications should be thoroughly screened, and I do not think they should have to belong to a breed association to bring them in. We have a lot of young farmers coming up, who warrant a trial, providing they can prove themselves and provide the facilities to do it. I would like to see the department do it on a very fair basis.

So far as another breed of cattle is concerned, I think any other breed should be welcomed.

Mr. HORNER (*Acadia*): Excuse me for interrupting, but I want to be clear. In agreeing with me, do you think that the purebred Charolais breeder should have a preference over, say, the commercial breeder of cattle?

Mr. CADIEU: No.

Mr. HORNER (*Acadia*): You do not think he should?

Mr. CADIEU: No, I do not think he should.

The CHAIRMAN: He did not agree with you on that point.

Mr. HORNER (*Acadia*): He said he agreed with me, and I wanted to be absolutely clear.

The CHAIRMAN: I did not think he would agree with you on that.

Mr. CADIEU: My reason for not agreeing with you, or my stand on this, is that we have lots of good young men and women starting up, who possibly have come from breeders-of-livestock homes and who warrant a trial, providing they can provide the facilities.

Mr. HORNER (*Acadia*): Would you suggest that they become breeders of purebred Charolais cattle, or do you think that they should just be allowed to import these cattle and go into a commercial operation with them?

Mr. CADIEU: No; I think that the price involved alone would settle that part, and that they would have to keep up the registration of these cattle at the



prices that they are paying for them, and I think they would automatically become breeders of whatever association.

The CHAIRMAN: Are there any further questions concerning the importing of cattle? If not, we will move on to another subject.

Mr. Horner, you intimated you had some questions on a new subject.

Mr. HORNER (*Acadia*): Yes I did, Mr. Chairman. This subject concerns Bang's disease and the Bang's testing.

Dr. Wells' department is carrying on a very extensive campaign to rid all of Canada of Bang's disease. I wonder if he would care to make a brief statement on where we stand on this, how much money has been spent on this, and what eventually will be the benefit from this extensive vaccination and blood-testing program that is going on?

Mr. WELLS: This is a very brief history.

In 1952, we started the joint federal-provincial brucellosis vaccination campaign, at which time we acted in conjunction with the provinces. We bought and supplied, free of charge, to all the provinces, under the federal-provincial agreement, all of the *Brucella abortus* strain 19 vaccine that they could distribute to the veterinarians in each respective province, in order to vaccinate as many calves as possible in accordance with our restricted vaccination ages. This carried on until 1957.

The purpose of vaccination at this stage was to float out infection down to the point where it would become economically sound to eradicate the infection by virtue of blood-testing.

Vaccination in itself will never eradicate or eliminate disease, but it certainly will float out infection down to a relatively low level.

We estimated, when we started into the vaccination scheme—I say “estimated” but it was done by a survey—that the relative rate of *Brucella abortus* infection in this country was around seven per cent. Following the years of vaccination, in 1957 we started into the brucellosis area testing program and any area in the country—counties where they had counties and municipalities where they had municipalities—was then permitted to apply to us for that area to be designated as a brucellosis control area.

At that time the national infection rate of brucellosis was estimated—again by survey—to be just over 4 per cent. Since that time we have been testing regularly, and as of this year we now have all of Canada operating under the brucellosis eradication scheme.

Since 1957, we have tested 380,808 herds throughout Canada. Of those, 38,992 showed infection. We have tested a total of 10,772,141 cattle. This is fiscal year report to the end of March. You must bear in mind, of course, that we do not test steers for brucellosis. They cannot abort. The total samples drawn have been 10,701,265. The total reactors have been 191,043. The compensation paid to date has been \$13,161,678.54.

You ask what is the value of this. It is estimated, or, rather, calculated, that the annual loss in 1957 in this country through brucellosis, that is, through abortion, the loss of calves, the loss of milk in the animal not fulfilling its estrous cycle and, of course, the difficulty in rebreeding the animal in some

cases from abortion, to the livestock owners of this country was in the vicinity of \$10 million. We now have the infection rate down from the original start of the vaccination program in 1952, to 0.016 per cent of the cattle we test showing reaction.

As long as we can continue to maintain the country at this low level—and, in fact, we intend to eradicate it entirely—it means that the livestock industry in this country can continue to produce animals without any fear whatsoever of the disease known as brucellosis.

In addition to this annual \$10 million saving in cost to the livestock industry—and bear in mind that this annual \$10 million saving goes on year after year; it is not just for a one year period—in addition to that, as you know, brucellosis is, in fact, the organism which produces undulant fever in humans and the level of undulant fever, which creates considerable cost in hospitalization and medical care, is gradually being reduced as a result of reducing the infection in cattle. You can also add this to the saving and benefit to the country.

Mr. HORNER (*Acadia*): Dr. Wells, your remarks concerning steers interest me. I never once thought that a steer could abort, but what about bulls. Do you carry on a testing program with regard to bulls?

Mr. WELLS: We test bulls. We did not vaccinate bulls, or, rather, we did not advocate the vaccination of bulls, because one of the sites of infection of brucellosis in bulls is in the testicles; therefore, if one vaccinates even bull calves and the *Brucella abortus* strain 19 organism, which cannot cause the disease, settles in the testicle it continues to show a positive reaction to the blood test. While we did not vaccinate bulls, we do in fact blood test bulls.

Mr. HORNER (*Acadia*): Why do you blood test bulls. Can they be carriers?

Mr. WELLS: Yes; if there is infection in the testicle the organism can pass through the semen.

Mr. HORNER (*Acadia*): Did not the department at one time request that bull calves be vaccinated?

Mr. WELLS: No, we have never requested that bull calves be vaccinated.

Mr. HORNER (*Acadia*): But steers cannot be carriers?

Mr. WELLS: No. Well, I should not say that they cannot be carriers. There is a slight possibility that a steer could be infected and be a carrier, but it could do no harm because infection is spread at the time that an infected animal calves, and along with the calf and the placental fluid come out many billions of organisms.

Mr. HORNER (*Acadia*): With the overall benefit to the Canadian livestock industry, you suggested that the livestock industry would benefit by \$10 million. You also suggested that you have it down to a count of .016 per cent—or is it .16? Dr. Wells said earlier it was 0.016.

Mr. WELLS: My apologies, Mr. Horner. I did say that. It is .16 of one per cent.

Mr. HORNER (*Acadia*): All right; in any case it is low.

You also went on to say that you hope and you believe that you will eventually eradicate the disease.

After it is eradicated will we have to continue with the vaccination of cattle?

Mr. WELLS: We are de-emphasizing vaccination now. We have no intention of prohibiting vaccination at the moment, but certainly we are at the stage where vaccination can be de-emphasized. In other words, we consider it no longer essential that one should maintain vaccination.

Mr. HORNER (*Acadia*): This is very interesting. With regard to the exportation of heifer calves into the United States, how will it affect us if we no longer vaccinate? Once we become a country which is completely free of Bang's disease will we be able to export heifer calves to the United States without producing a calf with a vaccination?

Mr. WELLS: Yes; the United States federal law does not require vaccination.

Mr. HORNER (*Acadia*): At present, in order to move heifer calves into the United States do you have to have a calf with a vaccination mark?

Mr. WELLS: No; they do not have to have this. They can go on a test.

Mr. HORNER (*Acadia*): What do you mean by that?

Mr. WELLS: A negative blood test.

Mr. HORNER (*Acadia*): They have to have a blood test, then?

Mr. WELLS: Yes; they either have to have a negative blood test, or a vaccination certificate. Of course, the vaccination certificate is good only up to a certain age.

Mr. HORNER (*Acadia*): Let me go back to my original question. After we have become free of Bang's disease in this country, will cattle—heifer calves, particularly—still have to be blood tested, or will we have to produce a calf with vaccination in order to cross the line?

Mr. WELLS: Yes. They have to, today. They have a choice today of either being vaccinated or blood tested to go across the line. There are some countries—Norway is an example and Denmark is another one—who would buy our cattle and we have had inquiries from those countries, but they will not buy from a country which vaccinates in any form, because they are totally free of the disease and they do not permit vaccination.

Mr. HORNER (*Acadia*): That is very interesting.

Mr. WELLS: The United States and ourselves are proceeding jointly along the same road of brucellosis-eradication, and they are de-emphasizing vaccination just as we are.

We cannot maintain Canada as a separate entity on the North American continent with respect to animal disease and, therefore, we must work in conjunction with them.

Mr. HORNER (*Acadia*): With regard to the blood-testing now going on, when will a ranch in southern Alberta be declared fully blood-tested and Bang's-free, so to speak?



Mr. WELLS: All of Alberta is declared fully blood tested and they are all brucellosis-certified areas now, which means that all of the herds have been tested and all of the infected herds have been retested until they are negative or are in the process of being retested until they are negative. The infection rate is down below one tenth of one per cent. All the herds will again be retested.

Mr. HORNER (*Acadia*): All of the herds in Alberta will again be retested?

Mr. WELLS: Yes, they will be retested, but not necessarily by blood. This depends upon the area. The areas run out at the end of three years.

We are using two methods of re-certifying areas. Rather than blood testing each individual herd, we have two systems, one for the beef industry and one for the dairy industry. In the case of the beef industry, we have a back tagging system, and this has been published very widely through all of the livestock organizations. Any man who wishes, when he is selling his culls for slaughter, can get back tags from us, or can have back tags applied at the stockyards, and we then take a blood sample regardless of where in Canada these animals are slaughtered, or even if they are slaughtered in the United States. That back tag indicates that we want a blood sample taken from the animal. The serial number on the back tag can be traced back to the owner, and we keep a record in each sub-district office of every animal which is back tagged and tested in an owner's herd. At the end of three years, if we have 5 per cent per year of that owner's herd, which is the normal culling out of his beef herd, then that whole herd is simply considered to be negative and does not need further retesting. There would be no further blood testing. We continue this back tagging and we can do back tagging for one third the cost of blood testing.

In the dairy industry we test at the dairies. We take milk samples and send technicians into the dairies to take milk samples, and we test without the owner ever knowing it, except that he knows in principle that it is being tested; but he does not know when—not that we would mind telling him. We simply take milk samples from all the dairies, and all the dairy milk producing herds, whether the milk goes to a dairy, or a creamery or a cheese factory, are tested two or three times a year.

Mr. HORNER (*Acadia*): With regard to the back tagging of beef cattle, Dr. Wells, is this done at all public stockyards—and I am thinking of the west, in particular?

Mr. WELLS: It is done in large stockyards.

Mr. HORNER (*Acadia*): And all commercial cattle going for slaughter are back tagged?

Mr. WELLS: They can be back tagged, if the owner so signifies.

Mr. HORNER (*Acadia*): If the owner so signifies?

Mr. WELLS: Yes. We have to know who the owner is. We do not particularly—

Mr. HORNER (*Acadia*): The cattle are sold under the owner's name. I was under the impression that all slaughter cows today are back tagged.

Mr. WELLS: Every one that we can identify is back tagged.

Mr. HORNER (*Acadia*): Every one that you can identify?

Mr. WELLS: As coming from an owner. There is no sense in testing—

Mr. HORNER (*Acadia*): But the owner does not really have to signify his desire to have that test?

Mr. WELLS: No; if a drover brings a truck load of cattle into a stockyard and they can be identified as coming from an owner we back tag them.

Mr. HORNER (*Acadia*): In my judgment, it would be good business for an owner to sell his culls and his slaughter costs—whatever the case may be—at a public stockyard for at least the next three years so that he will be saved the annoyance of having his herd tested.

Mr. WELLS: We provide many ranchers with back tags in advance and many of them put on their own back tags and mail the form to us showing the numbers of back tags they have put on. If you would like to do it, sir, we would be happy to provide you with back tags.

Mr. HORNER (*Acadia*): I am not thinking of myself, Dr. Wells.

Mr. WELLS: We are, though. We worry about you.

Mr. HORNER (*Acadia*): I am thinking of the livestock industry generally.

A number of my constituents have spoken to me about this. I have a number of neighbours now who are continuing with the blood testing program. I think last week end, my men helped a neighbour blood test his cows again. He was very reluctant to be annoyed by the federal Department of Agriculture and why in h - - - did they have to test his cows.

Mr. WELLS: It might well have been that we picked up a questionable—

Mr. HORNER (*Acadia*): He had a reactor last summer. He said he was going to have to test them all again in three years at any rate. I told him I did not know, but not necessarily if he sold his cows at a public stockyard for the next three years and they were back tagged and came clean.

Mr. WELLS: And he can ensure their identity by putting his own back tags on and providing us with the serial numbers. The back tags are all numbered serially.

Mr. HORNER (*Acadia*): The serial number on the cow's ear?

Mr. WELLS: No; on the back tag. The back tag is a big piece of plastic which is glued on to the cow.

Mr. HORNER (*Acadia*): I know what you mean.

Mr. WELLS: You glue it right on to the cow. It is coded by province, by sub-district and then the number of the animal, which is the owner.

Mr. HORNER (*Acadia*): I am through, Mr. Chairman. Again I want to thank Dr. Wells. His information has been very helpful to me, to better explain the Department of Agriculture in all its many avenues and facets in my constituency. I hope I have not been too boring an examiner today.

The CHAIRMAN: We will have to adjourn shortly, but before we do I want the departmental statements, prepared on items 40 and 45, the health of

animals, and the letter and the questionnaire sent to the importers wishing to import cattle from France, to be printed as an appendix to today's proceedings.

It is so moved by Mr. Horner and seconded by Mr. Matte. All in favour of the motion.

Motion carried.

The CHAIRMAN: We will meet again on Thursday morning. I do not think we should try to have a meeting tomorrow.

Mr. HORNER (*Acadia*): Who will be the witness, Mr. Chairman?

The CHAIRMAN: I think we will proceed with the witnesses we had today.

Are you available, Dr. Wells?

Mr. WELLS: Yes, I am available.

The CHAIRMAN: Someone said you were going home on Wednesday night!

Mr. HORNER (*Acadia*): I would not like that to be on the record, because I really do not think I will be going home on Wednesday night.



## APPENDIX I

Statement for the information of  
THE STANDING COMMITTEE

on

## AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Subject: DEPARTMENT OF AGRICULTURE

1966-67 Estimates

Votes 55 and 60—Land Rehabilitation, Irrigation and Water Storage Project

1. Prairie Farm Rehabilitation Administration

Department of Agriculture

May 15, 1966

## PRAIRIE FARM REHABILITATION ADMINISTRATION

The Prairie Farm Rehabilitation Act was passed in 1935 to provide for the rehabilitation of areas in Manitoba, Saskatchewan and Alberta subject to drought and soil drifting. In 1937 the Act was amended to include land utilization and resettlement.

The Headquarters of the Prairie Farm Rehabilitation administration are located in Regina with regional offices in Winnipeg and Calgary and district offices strategically located throughout the three provinces.

The principal officers are M. J. Fitzgerald, Director; H. J. Hargrave, Deputy Director and Chief, Land Use Service; J. G. Watson, Chief Engineer; J. E. Beamish, Chief, Water Development Service. A liaison office in Ottawa is under Associate Director D. J. Thiessen (see attached chart).

The P.F.R.A. operations come under two broad categories—Land Use and Water Development.

*Land Use Service.*

The principal activity under land use service is the development of community pastures. Under this program, lands, sub-marginal for cereal production but suitable for grazing are leased to P.F.R.A. by the province for pasture purposes. P.F.R.A. pays the capital cost of developing the pastures and maintains and operates them. The latter costs are offset by moneys collected as fees from patrons using the pastures.

The P.F.R.A. now operates 87 pastures with a fenced acreage of approximately 2½ million acres which provides summer grazing for approximately 155,000 head of livestock.

Grazing fees are uniform in all pastures. Included in the fee is a tax levy of one cent per day per animal to reimburse the municipalities for loss in tax revenue on pasture lands. The fees are:—

- Cattle— .06c. per day (includes .01c. tax levy)
- Calves—\$4.00 per season (sucking with dam, born before August 1)
- Breeding Service—\$5.00 per cow.

A program of artificial insemination is in operation in a number of pastures. It is P.F.R.A. policy to introduce artificial insemination when the majority of the patrons favour it.

#### *Water Development Service.*

This service provides financial and technical assistance for the construction of farm and community water conservation projects as well as for large water storage and irrigation works. The service provided comes under three main headings:

Small Water Projects.

Community Water Projects.

Major Irrigation and Water Control Projects.

#### *Small Water Projects.*

In this category is the farm dugout, the stockwatering dam and the small irrigation project. These are built privately and P.F.R.A. provides grants to a maximum of \$300.00, \$300.00 and \$600.00 respectively. To date a total of 94,482 such individual farm projects have been constructed in the three provinces and P.F.R.A. has made a grant toward their construction in the amount of \$31,150,-347.00 as of April 30th, 1965.

#### *Community Water Projects.*

This involves the construction of dams and related works for storage and conservation of water to serve a community. The cost of these projects may vary from a few thousand dollars to several hundred thousand dollars. These projects are undertaken by agreement with the province or local government.

P.F.R.A. operates six irrigation projects in southwest Saskatchewan with 25,000 acres fully developed for irrigation. The purpose of these projects was to provide dry land farmers with a plot of irrigable land for an assured hay or coarse grain crop for livestock. Irrigation water is supplied from 25 reservoirs maintained and operated by P.F.R.A.

#### *Major Irrigation and Water Control Projects.*

These projects are constructed under special agreement with the provinces on a cost sharing basis. Examples of projects of this kind are:

*South Saskatchewan Dam:* A multipurpose water conservation project which will cost an estimated \$110,000,000. The provinces' share is 25 per cent of the cost up to \$100,000,000. The project will be completed in the fall of 1966.

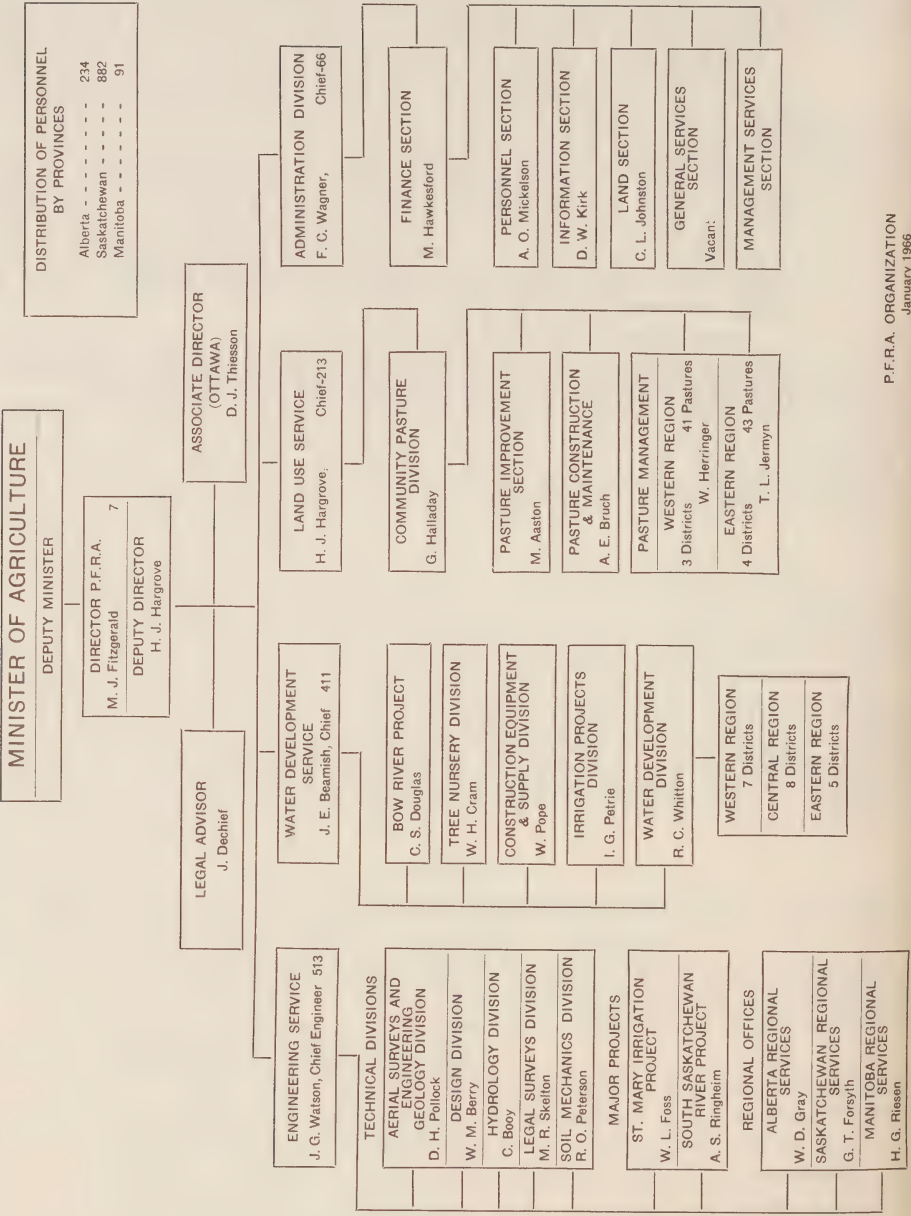
*Shellmouth Dam and Portage Diversion:* The purpose of these two projects is conservation of water and flood control on the Assiniboine. The province and Canada share equally in the cost which is estimated to be 21.7 millions. P.F.R.A. is responsible for constructing the Shellmouth Dam with the province assuming responsibility for the construction of the Portage Diversion from the Assiniboine River to Lake Manitoba.

*St. Mary River Project:* This project involves the conservation by storage and diversion, of the waters of the St. Mary, Belly and Waterton rivers, to irrigate 500,000 acres in southern Alberta. Canada is responsible for the construction of the dams and main canals and the province is responsible for the distribution system. The cost to date is about \$42 millions of which Alberta has contributed \$19 millions.

*Bow River Project:* In 1950 Canada purchased the assets of the Canada Land and Irrigation Company for \$2,300,000. Since then P.F.R.A. has repaired the works and opened up new areas for resettlement of farmers from drought stricken areas of the Prairies. Under this scheme water for irrigation is provided to 600 farmers of whom 150 were resettled by P.F.R.A.

*Tree Nursery Station:* The tree nursery station at Indian Head produces and distributes approximately 10,000,000 tree seedlings a year for distribution to farmers for field and farm shelterbelts.





APPENDIX II

Statement for the information of  
THE STANDING COMMITTEE

on

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Subject: DEPARTMENT OF AGRICULTURE

1966-67 Estimates

Votes 40 and 45 — Health of Animals Branch

Department of Agriculture  
May 17, 1966

HEALTH OF ANIMALS BRANCH

This Branch consists of three Divisions—Contagious Diseases, Meat Inspection and Animal Pathology.

CONTAGIOUS DISEASES DIVISION

This Division administers the Animal Contagious Diseases Act, which gives it authority to control, eradicate and prevent the introduction of infectious animal diseases. The operations fall into five main categories.

*(a) Eradication of diseases not established in Canada*

Hog cholera is typical of this category, as was the foot and mouth outbreak in Saskatchewan in 1952. When outbreaks of diseases of this kind occur all animals on the infected premises and exposed animals are slaughtered and the owners are paid compensation at market values.

*(b) Eradication of diseases established in Canada*

The procedure with respect to such diseases takes two forms. One is the testing and slaughter of infected animals. The other is quarantine and treatment.

The two main diseases dealt with under the testing and slaughter program are tuberculosis and brucellosis.

Every section of Canada has now been tested for tuberculosis and every area is a TB accredited area.

All areas have now been tested for brucellosis with the exception of two small parts of Quebec and Newfoundland, which will be completed by the Fall of 1966.

For animals which are ordered slaughtered under the tuberculosis and brucellosis eradication programs, compensation is paid to a maximum of \$140 for purebred cattle and \$70 for grade cattle. The owner also receives the carcass value of the animal.

Diseases such as Mange are controlled by quarantine on infected premises and treatment of the animals.

*(c) Control of diseases established in Canada*

This activity deals with diseases, primarily rabies and anthrax, where eradication of the disease is not feasible. All reported cases are investigated and quarantines applied with respect to domestic animals. Exposed animals are vaccinated for anthrax. Where there is danger of exposure of rabies through dogs or cats, vaccination of these animals is undertaken.

*(d) Prevention of introduction of foreign diseases*

This is carried out through the control of imports. Any material which can carry diseased organisms, from countries in which serious animal diseases are present, are either prohibited entering or are permitted entry under adequate control and safeguard restrictions. Animal imports are only permitted from countries in which there is adequate control of serious foreign diseases. All animal importations are subject to either certification inspection or to quarantine upon arrival in Canada.

Garbage from foreign ships and aircraft being recognized as a serious disease hazard is controlled at all sea going ports and international airports.

*(e) Export certification*

The Division issues health certificates, as required by importing countries, on livestock exported from Canada.

MEAT INSPECTION DIVISION

The Meat Inspection Division administers the "Canada Meat Inspection Act" and the "Humane Slaughter of Food Animal Act."

The Canada Meat Inspection Act requires that all meat slaughtering and meat processing plants dealing in interprovincial or export trade operate under the Federal Veterinary Meat Inspection system, as established by the Act.

In plants operating under the Meat Inspection Act, the Department provides resident inspection either by veterinarians or by technicians under veterinary supervision.

All animals slaughtered in inspected establishments are given ante and post mortem inspection. Plants must comply with standards of construction and equipment in order to ensure proper sanitation and operation.

While the Meat Inspection Act makes meat inspection compulsory only for plants operating either interprovincially or in export, a number of plants operating only in one province have voluntarily come under meat inspection.

The demand for meat inspection services has been growing rapidly, to the point that it is estimated 80 per cent of all meat and meat products produced in Canada are put up under the Canada Meat Inspection Act. These meat and meat products carry the Canada meat inspection legend.

There are at present 327 plants operating under the Meat Inspection Act.

The Meat Inspection Division is also responsible for the inspection of meats imported into Canada. All imported meats must come from a country which has a national system of veterinary meat inspection substantially equivalent to our own.



In addition, exports of meats and meat food products are provided with the Veterinary Meat Inspection certificates as required by importing countries.

Associated with the Meat Inspection Act the Branch also administers the Humane Slaughter of Food Animals Act. Under this Act all slaughtering plants under Federal Veterinary inspection are required to slaughter animals in accordance with humane practices. In the main this requires adequate stunning of animals by an approved method prior to their shackling and hanging.

#### ANIMAL PATHOLOGY DIVISION

The Animal Pathology Division through a system of a main laboratory at Hull and eight branch laboratories at Sackville, New Brunswick; Ste-Anne de Bellevue, Quebec; Grosse Ile, Quebec; Guelph, Ontario; Winnipeg, Manitoba; Regina, Saskatchewan; Lethbridge, Alberta; and Vancouver, B.C. conduct animal disease research and provide the necessary diagnostic technical services to the Contagious Diseases and Meat Inspection Divisions.

Research into animal diseases covers the broad field including causative agents, methods of transmission and the development of diagnostic tests on both domestic and foreign diseases.

Diagnostic procedures are undertaken for all diseases whether or not established in Canada. During the past year 23,891 specimens exclusive of 2,317,278 brucellosis blood samples, were received and checked out.

The Animal Pathology Laboratories also provide a technical advisory service to the Contagious Diseases Division on biologics and to the Plant Products Division of the Production and Marketing Branch on related pesticides.

Each Division of the Branch is headed by a Director at Ottawa, under the Veterinary Director General. The work of the Contagious Diseases Division and the Meat Inspection Division are administered in the field by a District Veterinarian in each of the provinces, except the four Atlantic Provinces, for which there is one District Veterinarian.

The principal officers of the Branch are K. F. Wells, Veterinary Director General, R. J. McClenaghan, Director, Contagious Diseases; C. K. Hetherington, Director, Meat Inspection; and J. F. Frank, Acting Director, Animal Pathology Division.

## APPENDIX III

Statement for the information of

THE STANDING COMMITTEE

ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Subject: DEPARTMENT OF AGRICULTURE

HEALTH OF ANIMALS BRANCH

Importation of Cattle from Countries  
not Traditionally Free of Foot-and-Mouth  
DiseaseDepartment of Agriculture  
June 9, 1966*Importation of Cattle from Countries not Traditionally Free of  
Foot-and-Mouth Disease*

Traditionally, importations of cattle into Canada have only been permitted from countries free of foot-and-mouth disease. The instances of foot-and-mouth disease in many European countries, over the years, have automatically eliminated these countries from importation. In recent years, however, organized control programs under the auspices of the European Foot and Mouth Disease Control Commission have been successful in freeing large areas in some countries of this disease. This favourable disease situation existed in France in 1965, at which time the proposal of the livestock industry to import French blood lines into Canada, to improve the efficiency of our Canadian breeds, was considered by the Department.

Taking advantage of the successful campaign against foot-and-mouth disease in France where compulsory slaughter had been practised since 1961, and where large well-delineated areas could be defined and identified, together with improved testing techniques, it was decided to establish conditions and safeguards which would provide complete assurance that the animals to be imported were free of disease.

Regulations, which have been in effect for many years, permit importations with the usual disease certification and quarantine, if there has been no foot-and-mouth disease, contagious pleuropneumonia, rinderpest, or other serious infectious and contagious disease in the district of origin for a period of six months prior to shipment.

Conditions for the importation were established and, prior to an import permit being issued, all persons who had applied for a permit were asked to indicate to the Department that they fully understood the conditions of importation. The health conditions and various tests were established only after considerable deliberation with our own specialists, as well as authorities from the U.S.A. and Britain. There is a copy of the conditions of importation herewith and, briefly, they provide for inspection and testing on the farms of

origin, quarantine and further tests in the quarantine station of the country of origin, and an additional protracted quarantine here in Canada with a repetition of tests again.

For quarantine in Canada, a new maximum security quarantine station was established at Grosse Ile which is an island in the St. Lawrence River, some thirty miles east of Quebec City, and, which because of its isolation, being surrounded entirely by water, offered an excellent site for quarantine purposes. While in Canadian quarantine, the cattle were again submitted to serological and other tests (probang and mouse inoculation) for foot-and-mouth disease, brucellosis, leptospirosis, a haematological examination for leucosis, a test for tuberculosis and Johne's disease, and a biological test for Blue tongue disease.

These special tests for Blue tongue were undertaken by the Veterinary laboratory at Onderstepoort, South Africa. All the foot-and-mouth disease tests, and eight (8) different types of tests were employed, were conducted at the Foot and Mouth Disease Research Laboratory, Pirbright, England.

During the quarantine at Grosse Ile, Canadian control animals were placed in contact with the French cattle in the ratio of approximately four imported animals to one Canadian control. The Canadian cattle, of course, had to be submitted to and pass negative tests for the same diseases as the imported cattle.

One hundred and thirteen (113) animals came to Canada, arriving in the Grosse Ile maximum security quarantine station on October 21st, 1965. During the Canadian quarantine, one animal died as a result of a bowel twist, and three animals failed to pass the tests. These three animals were not released from quarantine and were destroyed.

In establishing the conditions of health, this very eventuality that some of the cattle would not pass the tests was recognized, and provision was made in the conditions that if any or all of the imported or test animals were not classed as negative to any of the tests, the Department could cause any or all of them to be destroyed. Similarly, if any or all of the imported or test animals showed clinical symptoms of disease, the Department retained the authority to cause any or all of them to be destroyed without compensation to the owner. In the case of foot-and-mouth disease, the conditions spelled out specifically that if any or all of the imported or test animals showed clinical symptoms of foot-and-mouth disease, the Department "shall cause all of them to be slaughtered and the carcasses disposed of as considered fit without compensation to the owner".

As a further condition of importation, following the discharge of the cattle from Grosse Ile, the imported animals were added to a Canadian herd of susceptible cattle, and the Canadian herd, together with the imported cattle, was placed under Departmental quarantine for a three-month period. They are, of course, being regularly inspected during this quarantine. Insofar as the health conditions of importation are concerned, once the cattle have completed this three-month premises quarantine and, of course, have remained healthy, the imported cattle and the Canadian herd are free to move without restriction.



Import permits were issued to 67 Canadians who purchased the cattle in France. In addition to this cost, the importers bore the cost of the French quarantine, of all transportation and feeding, as well as the cost of the four attendants to look after the cattle at Grosse Ile. The Department provided the quarantine facility on Grosse Ile.

It should be understood that these broad and rigid Veterinary Conditions of Importation, as well as the maximum security quarantine station at Grosse Ile, were established to permit the importation of cattle, not specifically Charolais cattle, but any breed of cattle from France.

## CONDITIONS FOR THE IMPORTATION OF CATTLE FROM COUNTRIES IN EUROPE

APPROVED BY THE VETERINARY DIRECTOR GENERAL

HEALTH OF ANIMALS BRANCH, CANADA DEPARTMENT OF AGRICULTURE

Cattle shall be moved from the country of origin through an official quarantine station of that country. The quarantine station must be approved for this purpose by the Veterinary Director General of the Canada Department of agriculture.

1. Cattle from areas where foot and mouth vaccination is regularly practised must not be over nine months of age at the date of the commencement of the Canadian quarantine period in the quarantine station of the country of origin.
2. Cattle intended for importation into Canada shall be inspected in the country of origin by a veterinary officer of the Government of Canada, on the farms of origin and during the official quarantine.

### *Pre-quarantine Conditions*

Before entry to the approved quarantine station, certificates issued by a duly authorized veterinary officer of the country of origin are to be furnished to the Veterinary Director General of Canada to the effect:

- (a) (i) that he has inspected the animals and found them free from any evidence of infectious or contagious disease, and that no foot and mouth disease or other serious infectious or contagious disease affecting cattle has existed on the premises of origin or within ten miles (sixteen kilometres) of the premises of origin for a period of nine months immediately prior to the quarantine in the country of origin;
- (ii) that no animal on the premises of origin which was susceptible to the virus of foot and mouth disease was exposed to the disease during the nine months prior to the date of inspection of the animal; and

- (iii) that the country of origin is free of rinderpest, contagious pleuro-pneumonia and such other diseases as may be specified by the Veterinary Director General of Canada.
- (b) that the cattle have passed a negative test for tuberculosis within thirty days before leaving the premises of origin;
- (c) that the cattle have passed a negative serum agglutination test for brucellosis within thirty days before leaving the premises of origin;
- (d) that, insofar as can be determined, vibrio fetus and trichomonas infections are not present in the cattle or the herd of origin;
- (e) (i) that the cattle and the herd of origin show no clinical evidence of the presence of nor history of the occurrence of leucosis, and  
(ii) that a haematological examination in respect of each animal within thirty days before leaving the premises of origin showed no abnormality;
- (f) that leptospirosis has not been diagnosed in the cattle or herd of origin within the previous twelve months either clinically or by serological tests, and that the cattle to be imported have been subjected to agglutination-lysis tests (serotypes *L. pomona*, *L. canicola*, *L. hyos*, *L. icterohaemorrhagiae*, *L. autumnalis*, *L. ballum*, *L. sejroe*, *L. grippotyphosa* and *L. australis*) with negative results within thirty days before leaving the premises of origin;
- (g) that subsequent to the commencement of the tests prescribed, the animals were kept separate from all other animals while on the farm of origin;
- (h) that the cattle at no time have been affected with or exposed to foot and mouth disease, have not been vaccinated against it, and that serological tests were carried out with negative results within thirty days before leaving the premises of origin;
- (i) that the cattle originated on premises on which Johne's disease is not known to exist, and that the cattle offered for quarantine were subjected to tests for Johne's disease with negative results within thirty days before leaving the premises of origin; and
- (j) that insofar as can be determined Blue Tongue has not existed on the premises of origin during the previous twelve months.

#### *Conditions of Quarantine in the Country of Origin*

- (a) The quarantine station of the country of origin must have been thoroughly cleansed and disinfected, in a manner satisfactory to the Veterinary Director General of Canada, immediately prior to the entry of the animals intended for quarantine.
- (b) Transport of the cattle from the premises of origin to the quarantine station in the country of origin must be effected in specially disinfected railway trucks or mechanically propelled road vehicles by the most direct available and suitable route, all in a manner satisfac-

tory to the Veterinary Director General of Canada. At no time during transit shall they be unloaded or come in contact with animals not similarly destined for the quarantine station.

- (c) Cattle intended for importation shall undergo a quarantine in the approved official quarantine station for at least thirty days under the joint supervision of a veterinary officer of the country of origin and a veterinary officer of the Government of Canada. No animals, other than those intended for export to Canada, shall be kept in the quarantine station at the same time.
- (d) Cattle in the quarantine station shall be subjected to serological and other tests as prescribed for foot and mouth disease under Canadian veterinary authority and found negative before shipment to the Canadian quarantine station is authorized.
- (e) Temperatures of all cattle in the quarantine station shall be taken twice daily.
- (f) All feed and litter for use in the quarantine station shall be supplied directly from Canada or from a country considered free from foot and mouth disease and other serious epizootics by the Veterinary Director General of Canada.
- (g) On completion of the quarantine period, the cattle shall not be accepted for shipment to Canada unless the veterinary officer of the country of origin and the Canadian veterinary officer give a certificate to the effect that the cattle have been kept under quarantine under their supervision for the stated period, and that during that time they remained healthy and showed no clinical signs of any contagious, infectious or parasitic disease affecting cattle and that all applicable requirements have been met.
- (h) The cattle shall be moved under veterinary supervision direct from the quarantine station to the vessel for export by specially disinfected, mechanically propelled road vehicle by the most direct available and suitable route to the vessel for export, all in a manner satisfactory to the Veterinary Director General of Canada. During transit they shall not be unloaded nor permitted to come in contact with any other animals.

#### *Movement by Sea*

- (a) The cattle must be transported direct from the country of origin to Canada by a surface vessel.
- (b) The vessel on which the cattle are to be transported to Canada shall immediately prior to loading be thoroughly cleansed and disinfected to the satisfaction of a veterinary officer of the Government of Canada.
- (c) While the cattle are on board, no other ruminant animals nor swine shall be on the vessel.



- (d) All feed and litter for the cattle shall be provided directly from Canada or from a country considered free from foot and mouth disease and other serious epizootics by the Veterinary Director General of Canada, and no other feed or litter shall be permitted to be on board.

*Quarantine at Canadian Quarantine Station, Grosse Ile*

- (a) The landing of the cattle shall be carried out in accordance with such instructions as the Veterinary Director General may give.
- (b) The vessel from which the imported cattle are landed shall be immediately cleansed and disinfected under direct supervision of a veterinary officer of the Canada Department of Agriculture.
- (c) The cattle shall be kept in the quarantine station for a period of at least ninety days after arrival under the supervision of a veterinary officer of the Canada Department of Agriculture.
- (d) During the period of quarantine, the cattle shall be subjected to serological and other tests (probang and mouse inoculation) for foot and mouth disease, the blood agglutination test for bovine brucellosis, the agglutination-lysis test for leptospirosis (serotypes, *L. pomona*, *L. canicola*, *L. hyos*, *L. icterohaemorrhagiae*, *L. autumnalis*, *L. ballum*, *L. sejiro*, *L. grippotyphosa*, and *L. australis*), a haematological examination for leucosis, a test for tuberculosis, a biological test for Blue Tongue, and such other tests as the Veterinary Director General may prescribe.
- (e) If any or all of the imported or test animals are not classed as negative to any of the tests, the Canada Department of Agriculture may cause any or all of them to be slaughtered and the carcass or carcasses disposed of as considered fit, without compensation to the owner.
- (f) If any or all of the imported or test animals show clinical symptoms of disease, the Canada Department of Agriculture may cause any or all of them to be slaughtered and the carcass or carcasses disposed of as considered fit, without compensation to the owner.
- (g) If any or all of the imported or test animals show clinical symptoms of foot and mouth disease, the Canada Department of Agriculture shall cause all of them to be slaughtered and the carcasses disposed of as considered fit, without compensation to the owner.
- (h) The temperatures of the cattle will be taken twice daily while in quarantine.
- (i) No cattle shall be moved from the quarantine station until duly discharged therefrom under the authority of the Veterinary Director General of Canada.

*Quarantine on Canadian Farm at Destination*

Following the discharge of the imported cattle from the Canadian Quarantine Station, Grosse Ile, the imported cattle and any or all offspring shall be added to a Canadian herd of susceptible cattle, approved by the Veterinary Director General of Canada. This Canadian herd, together with the imported cattle, shall be placed under Departmental quarantine for a three-month period. Following the release from that quarantine, the Canadian herd and the imported cattle shall be free to move without restriction. During the three-month quarantine period, the cattle will be inspected at intervals of not more than four weeks. The first inspection will take place within fourteen days following the arrival of the imported cattle.

Ottawa, March 19, 1965.

## APPENDIX IV

Our File No. 723.13

Ottawa, Ontario

June 13, 1966

Dear Sir:—

Further to your application for a permit to import cattle from France this winter through the Grosse Ile quarantine station, conditions covering the movement of cattle from France to Canada have now been completed and a copy is attached.

You will note from the health conditions that only calves under nine months of age at the time they enter the Brest Quarantine Station in France can be moved to Canada. This means the timing schedules of purchase and quarantine in France and quarantine in Canada must be closely coordinated.

As we expect to have the Canadian quarantine period at Grosse Ile commence in October, the cattle will have to enter the Brest Quarantine Station in France some time during the latter part of August or the early part of September.

Carrying this back further, it points out that, as the cattle must be tested within 30 days before entering the Brest station, these tests must be commenced by the first of August. Therefore, from a buyer's point of view, selections should be made during July.

From the experience of previous buyers in France submitting cattle to tests similar to those required in the Canadian conditions, it would appear that up to 10 per cent of the cattle selected may be rejected for one test or another. Therefore, in making selections in France, it is felt that twice the number of cattle for which you have an import permit should be selected and submitted to test, with the understanding that only the permit specified number will be admitted to quarantine.

It will be noted in the health conditions attached that the quarantine period at Grosse Ile is to be a minimum of 90 days. However, because of the numerous tests which must be applied to the cattle, together with the ice conditions in the St. Lawrence River and the fact that the Grosse Ile quarantine will be commencing in October, it is not anticipated that the cattle will be released from Grosse Ile until the following April or May.

In addition to meeting the health requirements as outlined, the importer will be required to pay the cost of care and feed for the livestock, both at the Brest Quarantine Station in France and at the Canadian Grosse Ile Station, together with charges for the special tests required on these animals and \$5.00 per day per head quarantine charges for a maximum of 90 days. Also, of course, all transportation costs must be paid by the importer.

While, at this time, we cannot determine definitely the total cost of transportation, it has been estimated that costs, not including the initial purchase price, transportation and insurance will be in the vicinity of \$1,200.00 to \$1,400.00 per head.



The maximum capacity of the Grosse Ile Quarantine Station is limited, and therefore, the number being imported each year will be controlled by this factor. We have requests for permits to cover well in excess of the number that can be handled, consequently, before arriving at a decision with respect to the number of permits which can be issued, we must have a firm commitment from prospective importers that they wish their application for a permit to stand.

Therefore, after carefully reading the conditions of importation, the two attached statements requiring a statutory declaration, and this letter, please consider whether you want your 1966 application to import cattle from France to stand. In order to have your application considered, it will be necessary to have the two attached statutory declaration forms completed and return one copy of each to reach this office not later than Friday, June 24th.

Yours truly,

K. F. Wells,  
*Veterinary Director General.*

KFW/mc  
Att.

STATEMENT RE ACCEPTANCE OF CONDITIONS OF IMPORTATION  
OF CATTLE FROM FRANCE

I, ....., of .....  
in the Province of ..... do solemnly declare;

That I have read, understand and agree to the conditions covering the importation of cattle from France through the Grosse Ile quarantine station as contained in the document "1966 Conditions Covering the Importation of Cattle from France" as issued by the Veterinary Director General on June 13th, 1966,

AND THAT I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED before me at .....  
in .....  
this .....  
..... A.D. 19...

.....  
Notary Public  
Commissioner of Oaths etc...

SUPPLEMENTARY STATEMENT RE APPLICATION  
TO IMPORT CATTLE FROM FRANCE

- 1. Do you now maintain cattle on a premises operated by yourself?  
Yes ☐ No ☐  
(a) If "yes", give location of cattle premises.
- 2. Do you intend to retain in Canada the cattle for which you are now applying for an import permit?  
Yes ☐ No ☐
- 3. If answer to question 2 above is "yes", do you agree that an export health certificate for these cattle will not be requested for a period of three years from the date of release from quarantine?  
Yes ☐ No ☐
- 4. Please provide below a statement outlining the purpose for which these cattle are being imported into Canada.

I, ..... of .....  
in the Province of ..... do solemnly declare that the  
aforesaid statement is a true and correct response to the questions asked.

AND THAT I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED before me at .....  
in .....  
this .....  
..... A.D. 19...

.....  
Notary Public  
Commissioner of Oaths etc...



1966 CONDITIONS FOR THE IMPORTATION OF CATTLE FROM FRANCE  
APPROVED BY THE VETERINARY DIRECTOR GENERAL HEALTH OF  
ANIMALS BRANCH, CANADA DEPARTMENT OF AGRICULTURE

Cattle shall be moved from the country of origin through an official quarantine station of that country. The quarantine station must be approved for this purpose by the Veterinary Director General of the Canada Department of Agriculture.

1. Cattle from areas where foot and mouth vaccination is regularly practised must not be over nine months of age at the date of the commencement of the Canadian quarantine period in the quarantine station of the country of origin.

2. Cattle intended for importation into Canada shall be inspected in the country of origin by a veterinary officer of the Government of Canada, on the farms of origin and during the official quarantine.

*Pre-quarantine Conditions*

Before entry to the approved quarantine station, certificates issued by a duly authorized veterinary officer of the country of origin are to be furnished to the Veterinary Director General of Canada to the effect:

- (a) (i) that he has inspected the animals and found them free from any evidence of infectious or contagious disease, and that no foot and mouth disease or other serious infectious or contagious disease affecting cattle has existed on the premises of origin or within ten miles (sixteen kilometres) of the premises of origin for a period of nine months immediately prior to the quarantine in the country of origin;
- (ii) that no animal on the premises of origin which was susceptible to the virus of foot and mouth disease was exposed to the disease during the nine months prior to the date of inspection of the animal; and
- (iii) that the country of origin is free of rinderpest, contagious pleuropneumonia and such other diseases as may be specified by the Veterinary Director General of Canada.
- (b) that the cattle have passed a negative test for tuberculosis within thirty days before leaving the premises of origin;
- (c) that the cattle have passed a negative serum agglutination test for brucellosis within thirty days before leaving the premises of origin;
- (d) that, insofar as can be determined, vibrio fetus and trichomonas infections are not present in the cattle or the herd of origin;
- (e) (i) that the cattle and the herd of origin show no clinical evidence of the presence of nor history of the occurrence of leucosis, and
- (ii) that a haematological examination in respect of each animal within thirty days before leaving the premises of origin showed no abnormality;

- (f) that leptospirosis has not been diagnosed in the cattle or herd of origin within the previous twelve months either clinically or by serological tests, and that the cattle to be imported have been subjected to agglutination-lysis tests with negative results within thirty days before leaving the premises of origin;
- (g) that subsequent to the commencement of the tests prescribed, the animals were kept separate from all other animals while on the farm of origin;
- (h) that the cattle at no time have been affected with or exposed to foot and mouth disease, have not been vaccinated against it, and that serological tests were carried out with negative results within thirty days before leaving the premises of origin;
- (i) that the cattle originated on premises on which Johne's disease is not known to exist, and that the cattle offered for quarantine were subjected to tests for Johne's disease with negative results within thirty days before leaving the premises of origin; and
- (j) that insofar as can be determined Blue Tongue has not existed on the premises of origin during the previous twelve months.

#### *Conditions of Quarantine in the Country of Origin*

- (a) The quarantine station of the country of origin must have been thoroughly cleansed and disinfected, in a manner satisfactory to the Veterinary Director General of Canada, immediately prior to the entry of the animals intended for quarantine.
- (b) Transport of the cattle from the premises of origin to the quarantine station in the country of origin must be effected in specially disinfected railway trucks or mechanically propelled road vehicles by the most direct available and suitable route, all in a manner satisfactory to the Veterinary Director General of Canada. At no time during transit shall they be unloaded or come in contact with animals not similarly destined for the quarantine station.
- (c) Cattle intended for importation shall undergo a quarantine in the approved official quarantine station for at least thirty days under the joint supervision of a veterinary officer of the country of origin and a veterinary officer of the Government of Canada. No animals, other than those intended for export to Canada, shall be kept in the quarantine station at the same time.
- (d) Cattle in the quarantine station shall be subjected to serological and other tests as prescribed for foot and mouth disease under Canadian veterinary authority and found negative before shipment to the Canadian quarantine station is authorized.
- (e) Temperatures of all cattle in the quarantine station shall be taken daily.
- (f) All feed and litter for use in the quarantine station shall be supplied directly from Canada or from a country considered free from foot and mouth disease and other serious epizootics by the Veterinary Director General of Canada.

- (g) On completion of the quarantine period, the cattle shall not be accepted for shipment to Canada unless the veterinary officer of the country of origin and the Canadian veterinary officer give a certificate to the effect that the cattle have been kept under quarantine under their supervision for the stated period, and that during that time they remained healthy and showed no clinical signs of any contagious, infectious or parasitic disease affecting cattle and that all applicable requirements have been met.
- (h) The cattle shall be moved under veterinary supervision direct from the quarantine station to the vessel for export by specially disinfected, mechanically propelled road vehicle by the most direct available and suitable route to the vessel for export, all in a manner satisfactory to the Veterinary Director General of Canada. During transit they shall not be unloaded nor permitted to come in contact with any other animals.

#### *Movement by Sea*

- (a) The cattle must be transported direct from the country of origin to Canada by a surface vessel.
- (b) The vessel on which the cattle are to be transported to Canada shall immediately prior to loading be thoroughly cleansed and disinfected to the satisfaction of a veterinary officer of the Government of Canada.
- (c) While the cattle are on board, no other ruminant animals nor swine shall be on the vessel.
- (d) All feed and litter for the cattle shall be provided directly from Canada or from a country considered free from foot and mouth disease and other serious epizootics by the Veterinary Director General of Canada, and no other feed or litter shall be permitted to be on board.

#### *Quarantine at Canadian Quarantine Station, Grosse Ile*

- (a) The landing of the cattle shall be carried out in accordance with such instructions as the Veterinary Director General may give.
- (b) The vessel from which the imported cattle are landed shall be immediately cleansed and disinfected under direct supervision of a veterinary officer of the Canada Department of Agriculture.
- (c) The cattle shall be kept in the quarantine station for a period of at least ninety days after arrival under the supervision of a veterinary officer of the Canada Department of Agriculture.
- (d) During the period of quarantine, the cattle shall be subjected to serological and other tests (probang and mouse inoculation) for foot and mouth disease, the blood agglutination test for bovine brucellosis, the agglutination-lysis tests for leptospirosis, a haematological examination for leucosis, a test for tuberculosis, a biological test for Blue Tongue, and such other tests as the Veterinary Director General may prescribe.



- (e) If any or all of the imported or test animals are not classed as negative to any of the tests, the Canada Department of Agriculture may cause any or all of them to be slaughtered and the carcass or carcasses disposed of as considered fit, without compensation to the owner.
- (f) If any or all the imported or test animals show clinical symptoms of disease, the Canada Department of Agriculture may cause any or all of them to be slaughtered and the carcass or carcasses disposed of as considered fit, without compensation to the owner.
- (g) If any or all of the imported or test animals show clinical symptoms of foot and mouth disease, the Canada Department of Agriculture shall cause all of them to be slaughtered and the carcasses disposed of as considered fit, without compensation to the owner.
- (h) The temperatures of the cattle will be taken routinely while in quarantine.
- (i) No cattle shall be moved from the quarantine station until duly discharged therefrom under the authority of the Veterinary Director General of Canada.

#### *Quarantine on Canadian Farm at Destination*

Following the discharge of the imported cattle from the Canadian Quarantine Station, Grosse Ile, the imported cattle and any or all offspring shall be added to a Canadian herd of susceptible cattle, approved by the Veterinary Director General of Canada. This Canadian herd, together with the imported cattle, shall be placed under Departmental quarantine for a three-month period. Following the release from that quarantine, the Canadian herd and the imported cattle shall be free to move without restriction. During the three-month quarantine period, the cattle will be inspected at intervals of not more than two weeks. The first inspection will take place within fourteen days following the arrival of the imported cattle.

#### *Quarantine Costs*

The importer will be required to pay the cost of care and feed for the livestock both at the Brest quarantine station in France and at the Canadian Grosse Ile station, charges for special tests required and five dollars per head per day quarantine charges up to a maximum of ninety days while the cattle are undergoing quarantine at Grosse Ile. All transportation costs must be paid by the importer.

Ottawa, June 13th, 1966.



OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,  
*The Clerk of the House.*



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 22

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Respecting

Estimates (1966-67) of the Department of Agriculture

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THURSDAY, JUNE 30, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. C. Barry, Deputy Minister; Mr. C. R. Phillips, Director-General, Production and Marketing; Dr. K. F. Wells, Veterinary Director-General; Dr. R. J. McClenaghan, Director Contagious Diseases; Dr. W. A. Moynihan, Associate Director, Contagious Diseases; Dr. Julius Frank, Acting Director, Animal Pathology Division; Dr. C. K. Heatherington, Director, Meat Inspection Division.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-</i>	Mr. Grills,	Mr. Nowlan,
Wolfe),	Mr. Herridge,	Mr. Olson,
Mr. Beer,	Mr. Honey,	Mr. Peters,
Mr. Berger,	Mr. Hopkins,	Mr. Pugh,
Mr. Choquette,	Mr. Horner ( <i>Acadia</i> ),	Mr. Rapp,
Mr. Clermont,	Mr. Johnston,	Mr. Ricard,
Mr. Comtois,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Crossman,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Danforth,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stafford,
Mr. Éthier,	Mr. Matte,	Mr. Stefanson,
Mr. Faulkner,	Mr. McKinley,	Mr. Tucker,
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Châteauguay-</i>
Mr. Gendron,	Mr. Neveu,	<i>Huntingdon-Laprairie</i> ),
Mr. Godin,	Mr. Noble,	Mr. Yanakis—45.

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

THURSDAY, June 30, 1966.

(29)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.55 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Comtois, Danforth, Ethier, Faulkner, Forbes, Gauthier, Gendron, Godin, Grills, Honey, Hopkins, Javerdière, Lefebvre, MacDonald (*Prince*), McKinley, Neveu, Noble, Peters, Rapp, Ricard, Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (24).

*Also present:* Mr. LeBlanc (*Rimouski*), M.P., and Mr. McLellan, M.P.

*In attendance:* From the Department of Agriculture: Mr. S. C. Barry, Deputy Minister; Mr. J. S. Parker, Director General, Departmental Administration; Mr. C. R. Phillips, Director General, Production and Marketing Branch; Mr. K. F. Wells, Veterinary Director General, Dr. R. J. McClenaghan, Director, Contagious Diseases; Dr. W. A. Moynihan, Associate Director, Contagious Diseases; Dr. Julius Frank, Acting Director, Animal Pathology Division; Dr. C. S. Heatherington, Director, Meat Inspection Division.

The Committee resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67, items 40 and 45, Health of Animals Branch.

After the Chairman introduced the officials from the Department of Agriculture the Committee resumed questioning them.

At the suggestion of Mr. Danforth, it was *agreed* that the Sub-Committee on Agenda and Procedure would consider whether the Committee should visit Grosse Isle maximum security quarantine station and report back to the Committee with a recommendation.

Later Mr. Chairman ruled that the questions to the Departmental officials by Mr. Noble on the correctness or fairness of taxing restitution payments made to owners after the slaughter of their animals condemned under disease control programs was *out of order* because they were requesting an opinion on a policy matter from a Public Servant.

The Chairman stated that he would be pleased to raise this matter with the Department concerned and report back to the Sub-Committee on Procedure and Agenda on his discussions.



On the suggestion of Mr. Forbes it was *agreed* that the Chairman would investigate whether officials from the Department of Finance might appear before the Committee and report to the Sub-Committee on Procedure and Agenda.

At 12.05 o'clock p.m., the Chairman adjourned the Committee to 9.30 Tuesday, July 5, 1966 or to the call of the Chair in case of a recess.

Michael B. Kirby,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

THURSDAY, 30 June, 1966.

● (9.55 a.m.)

The CHAIRMAN: We will start the meeting beginning with where we left off. We have with us this morning, Dr. Wells, the Veterinary Director General; Dr. Moynihan, Associate Director, Contagious Diseases Division; Dr. Barry, Deputy Minister of Agriculture; Dr. R. J. McClenaghan, Director of Contagious Diseases; Dr. J. F. Frank, Acting Director, Animal Pathology Division, and Dr. C.K. Featherington, Director of Meat Inspection Division. We shall begin the questions. I believe we fairly well covered the contagious diseases division, and some of the other topics. I think the matter of Charolais cattle was covered quite properly and lengthy.

Mr. FORBES: I would like to ask one more question on Charolais cattle here.

The CHAIRMAN: Oh, I am sorry I mentioned it.

Mr. FORBES: Does the government purchase these cattle in France on behalf of the applicant, or do the applicants purchase them and the government just supervises the shipment from the point of view of the health of the animal?

Dr. K. F. WELLS (*Veterinary Director General, Department of Agriculture*): That is correct, sir. Each individual does his own purchasing and we simply supervise from a health point of view, we do the testing.

Mr. FORBES: I thought I should get that cleared up because Jack was trying to pinpoint the fact that the government was buying and distributing these cattle.

Mr. WELLS: No sir.

Mr. FORBES: I think probably if this point had been brought out it might have helped to straighten the matter out. Thank you.

The CHAIRMAN: Thank you.

Mr. DANFORTH: I have a final line I would like to go into as far as this matter is concerned. It does not deal so much with the Charolais cattle specifically, but I am more interested in this maximum quarantine station. May I ask if we have the expenditure figures available necessary to modify Grosse Ile so that the Charolais cattle could be imported, or any other type of importation carried on at this station.

The CHAIRMAN: Do you mean, Mr. Danforth, in greater numbers than presently?

Mr. DANFORTH: No, no. I will get to that, Mr. Chairman. I want to know how much the original expenditure was in this regard.

Mr. WELLS: This generally, Mr. Danforth, is of course a public works matter of providing these facilities for us, but we understand it was in the vicinity of \$500,000.

Mr. DANFORTH: If I understand correctly—this is what I am concerned about—it cost in the vicinity of \$500,000 to modify Grosse Ile so that a capacity of 113 cattle could be held there in quarantine. And from the evidence given last evening, I understand in order to double this capacity it would cost the taxpayers another \$350,000 as a rough estimate. Now, anyone who has had anything to do with the cattle business is going to be amazed that it is going to require \$850,000 to provide accommodation for 225 cattle on a station where the laboratory facilities are already established.

Is it possible we can have a little more detail on why such a tremendous expenditure is necessary? There will certainly have to be barns with more adequate facilities than you would naturally find in a feeding establishment, but \$850,000 will pave a lot of lots and build a lot of barns.

Mr. WELLS: Well, Mr. Danforth, I am not in a position to break down the costs. There is the problem, first of all, that it is on an island, and I understand the costs of getting material there, are considerably greater than under normal construction.

Second, this included, of course, an increase of the electrical facilities; we have to generate our own electricity. This was required to augment the electrical power we had. The water available for the virus laboratory had to be augmented with additional wells. The terrain of the land is mostly rocky with almost a gumbo topsoil. There are not very many spots where one can build this sort of a place, and therefore the land required quite substantial foundations. Then, of course, in addition to that the barn has to be built so that it has proper facilities so that if any infection develops it is possible to clean and disinfect the entire building without fear of leaving virus in any parts of it.

Mr. DANFORTH: Perhaps I am not being fair, Mr. Chairman, to Dr. Wells and Dr. Barry. If I understand it correctly, this expansion and building program will be under the Department of Public Works?

Mr. WELLS: Yes sir.

Mr. DANFORTH: And the detail of the expenditures will be available in their department rather than in the Department of Agriculture?

Mr. S. C. BARRY (*Deputy Minister, Department of Agriculture*): May I, Mr. Chairman, clarify that particular issue for Mr. Danforth? The construction is done for us by the Department of Public Works. The vote for it is contained in the Department of Agriculture estimates. We have to provide the funds, but the construction is arranged for and supervised by the Department of Public Works. We give them the specifications of the type of building we want. They call for the tenders, let the contract, supervise it, but the funds for the purpose are provided in the Department of Agriculture estimates.

Mr. DANFORTH: This is the information I want. If this is the fact, then the details of structure and requirements would be available in the Department of Agriculture.



Mr. BARRY: The specifications, yes sir, if they are asked for.

Mr. DANFORTH: This is what I am particularly interested in, Mr. Chairman. We have an expenditure of this magnitude which amounts, as a rough estimate, to almost \$5,000 per animal to provide the necessary facilities. I think it is nominal and normal to expect an expenditure of \$100 per animal on a commercial venture. This is 50 times as great, and I think it would be of interest to the Committee to have the detail on this expenditure. If the committee members are like myself, they only have a general picture of what a maximum security station is and what it entails. We are going into a new field of importation. So far it has been just one particular variety of cattle from one particular country, and, as I understand it, it has already cost the taxpayers \$500,000. From the evidence we have been given, even if we double the facilities, it is not going to meet the demand we have for this type of importation. I personally feel that the Committee is entitled to a great deal more detailed information. The Committee, in its wisdom, may wish to recommend to the government that much more money be made available in order that this station's capacity might be increased to a much greater detail than that which is projected by the Department of Agriculture. For this reason, Mr. Chairman, I would hope that we could be given more specified detail as to the expenditure of this money.

I would be particularly interested, Mr. Chairman, that since \$350,000 allows us to import roughly 100 more cattle per year in this manner, how much it will cost us to increase for the next 100 cattle. Perhaps on a per animal basis by increasing the capacity now it would be more economical to the taxpayer than by doing it on a piecemeal manner as has been projected.

Mr. BARRY: We do not have the details of the specifications with us. Mr. Danforth.

The CHAIRMAN: Dr. Barry, can these be made available to the Committee?

Mr. BARRY: I would like to be clear now on precisely what we can and cannot make available as far as our department is concerned. We told the Department of Public Works what facilities were needed and the nature of those facilities. The drawing of the actual specifications to provide them, of course, was done by the Department of Public Works; not by us. I am sorry, we have no details of this with us. Dr. Wells has enumerated broadly the type of things required with respect to the disease control purposes.

Now, we can see, Mr. Chairman, just what we can get that is available within our own records to provide to the Committee, and we will do so. But, if I may for a moment, turn to the second part of Mr. Danforth's question as to the desirability now of increasing the facilities substantially; this, of course, becomes a judgment matter. At the moment there is a very strong demand for these cattle. At what point this demand will taper off, or how long it will continue, is a judgment matter. As we said at a previous meeting of the Committee, we are now considering, and we will make a decision shortly, the question whether to add an additional similar capacity this year. This may turn out to be warranted in a judgment matter as to how long they will continue to

be needed at that capacity. I would think, as a personal opinion, that to provide facilities which would meet the total of the present requirements within a very few years would prove to be quite excessive. Now, this may turn out to be wrong, but I mean one must make judgments on these points.

I would like again to mention a point which we dealt with the other day, namely that we are now applying a capital charge of \$5 per head per day on these cattle, and our estimate is that this will amortize the capital cost over a period of ten years. Whether we build one barn or two barns, it will be the same situation. Assuming the continuance of a demand would require the full occupancy of the facilities provided for a ten year period, we could amortize the capital cost over such a period.

The CHAIRMAN: There is one thing I would like to ask, Mr. Danforth. I do not think you are trying to compare what we should have as an isolation ward—and that is what these cattle are in, actually—with what a farmer would have for his own beef cattle. In your statement you give a figure of \$100 for quarters for the average beef farmer. However, I do not think you mean that this thing should be similar at all.

Mr. DANFORTH: No, that is not my point at all, Mr. Chairman. I am just illustrating that when 50 times the expenditure of a normal feed lot construction is expended of the taxpayers money, I certainly think the committee has a right to know just exactly what is entailed.

Mr. Chairman, I would like to make a suggestion here, and I have not approached any of the other committee members on this. However, the department is contemplating, or is in the process of determining whether an additional expenditure of \$350,000 shall be made here, and an expenditure of \$500,000 has already been made. Dr. Barry's implication was that they would provide us with all the details available in the Department of Agriculture, but this in itself might not be the complete picture.

Is it within the realm of possibility, Mr. Chairman, that this Committee might have an opportunity to visit the scene at Grosse Ile to see for themselves exactly what has been done, what is entailed, and what is contemplated? Because this Charolais question has raised such a degree of interest among the cattle industry in both Canada and the United States, I think it would be very beneficial for this Committee to have an on-the-spot inspection and be in a position, from direct knowledge, to make a recommendation as a committee to the government in this regard.

Mr. BARRY: Mr. Chairman, I think I could say that if it is the Committee's wish to visit Grosse Ile, I know of no reason why we would not be able to concur in that.

The CHAIRMAN: I would just say as Chairman that I discussed with the Minister himself the possibility of such a Committee visiting many of the agricultural establishments across Canada in order to gain a greater knowledge of what is actually being done in research and everything else. I did not specifically mention Grosse Ile. The Minister just made the statement that he saw no reason why we could not do this, and that if the committee recommended

it, it would be given every consideration to try to make it a reality as far as he was concerned.

Mr. DANFORTH: I am not especially concerned in a trip for a trip's sake, and certainly it would be of interest to visit the various agricultural depots, especially of a federal nature, across Canada. However, I am specifically interested in this particular isolation station on this island because I feel it is of particular interest to cattlemen, and there is the uneasy feeling that if the United States at any time took a dim view to this it could create havoc with our international trade. I feel the Committee members themselves would be in a much better position to assess this whole problem with an on-the-spot inspection.

Mr. BARRY: Mr. Chairman, there are just one or two points which I think I should mention in this connection. I think probably I should go even further than I did a moment ago when I said this Committee could visit Grosse Ile, and that I would be sure we could arrange it. I think I can speak for my Minister without having to ask him, and say we would welcome the Committee.

Now, the decision whether to enlarge Grosse Ile in order to have facilities for this coming fall is going to have to be made by the early part of next week if we are going to get the construction done and have it available when the cattle arrive in the fall. It is very immediate that we must make a decision. I think if tomorrow were possible, they would be making it tomorrow, but certainly it will be made by the early part of next week, by Monday or Tuesday. Therefore, I do not think there would be time for the Committee to go here to make a decision on this point; we must make this now.

Beyond that there is just risk that between now and the time when the cattle arrive from Europe next fall, which will be about mid-October, there will be no trouble at all in taking visitors to Grosse Ile. Once the quarantine station is in operation, then of course it is closed. So it would have to be done this summer or early fall.

Mr. DANFORTH: I can appreciate that, Dr. Barry. May I ask a more direct question in this regard, Mr. Chairman, and put it quite frankly, and either Dr. Wells or Dr. Barry can answer if they wish to. Do they feel that a visit to this island by the Committee would make it much simpler for the Committee to obtain first hand knowledge of exactly what is a complete isolation station, the workings, and the degree of extra facilities which are necessary? Do you feel that this could be done much easier by the department in this fashion than by verbal descriptions or written reports to the Committee.

Mr. BARRY: I think, sir, that I could answer Mr. Danforth in this way, that in the light of recent developments and in the light of recent rumours which we dealt with the other day, and looking back now on what might have been done, I think it would have been very helpful if this Committee could have been in Grosse Ile as soon as it was opened up. At that time the Committee could have seen precisely what the facilities were and what the operation was. When I said I would welcome it, it was for this reason, sir. I think the Committee would have a much better understanding of the operation and a better



appreciation of it. You may have some criticism of it too; this is to be expected. However, I think it would be very helpful if the Committee could actually see this operation and have the feel of it from actual knowledge.

Mr. DANFORTH: Mr. Chairman, may I make the specific request that this be taken under immediate consideration by the Chairman of the steering committee to see if these details can be worked out.

Now, Mr. Chairman, I have further questions, but they are along a little different line, and I would be willing to pass at this time in order to allow other committee members to ask questions.

Mr. NOBLE: Mr. Chairman, in passing I would like to ask Dr. Barry if this station at Grosse Ile has been used by breeders of other types of cattle, or if it is available to breeders of other types of cattle?

Mr. BARRY: The station at Grosse Ile, Mr. Noble, is not specifically for any breed of cattle. The station is intended to accommodate, for health quarantine purposes, any cattle of any breed which anyone wishes to bring from Europe from an area where we think we can safely permit the importation, and indeed I believe in the current applications for the use of Grosse Ile there is another breed other than Charolais involved.

Mr. NOBLE: Has it been used very extensively previous to this?

Mr. BARRY: Last year was its first year.

Mr. NOBLE: Oh I see. It is just a new station.

Mr. BARRY: And it was all Charolais cattle this past season. Grosse Ile, obviously, has been in existence for some time, but last year was the first year of operation for the actual quarantine station which we erected there.

Mr. NOBLE: It is only cattle which are brought in there? You could not bring horses or other animals in there.

Mr. BARRY: I will let Dr. Wells answer that.

Mr. WELLS: At the moment it is only cattle. There is no need to quarantine horses; they are not subject to the serious infections that we are concerned about at the moment with cattle. Sheep could be brought in there if it were desirable to import them and there was a demand for sheep. As I said the other evening, it is not yet possible to include swine because of the difficulties in testing.

Mr. NOBLE: While we are on cattle, Mr. Chairman, I would like to ask Dr. Wells, if, in the case of brucellosis or tuberculosis or any other contagious disease where there is a danger of it being spread to other farms or even to other provinces, and these animals are ordered slaughtered, the government pays restitution to the farmer for the animals so slaughtered?

Mr. WELLS: Yes, we do.

Mr. NOBLE: I would like to ask you if in your opinion, you feel this restitution should be taxed by the tax department?

Mr. HONEY: Mr. Chairman, on a point of order, I think this is not a proper question to ask the witness.

Mr. NOBLE: Mr. Chairman, I believe they have had experience in this and they know something about it. I think at one time there was restitution made for a flock of sheep which were ordered killed in Alberta. I believe these people know something about this case, and it would be enlightening for the Committee to know if this restitution was taxed.

Mr. HONEY: Mr. Chairman, I think it is probably a bad precedent to establish in the committee to ask officers of the department questions relating to policy, and certainly it is governmental policy whether a particular payment is or is not subject to income tax.

The CHAIRMAN: The only thing I can say, Mr. Honey and Mr. Noble, is that in my own opinion it is strictly a revenue departmental problem. Dr. Barry, do you wish to make a comment on this?

Mr. BARRY: In dealing with Mr. Noble's question, Mr. Chairman, I am afraid I would have to take the position which Mr. Honey has suggested, namely that I could not give an answer which would involve the policy or administrative matter of another department.

The CHAIRMAN: This is what I meant when I said it was the prerogative of another department and beyond the scope of this Committee at this time.

Mr. DANFORTH: Mr. Chairman, speaking on a point of order, it is all right to say it is a matter of policy, and we certainly do not have the right to question witnesses on new policy or the development of policy. However, I certainly think the committee has every right to ask questions on how policy has been administered, and what the policy has been in the past.

The CHAIRMAN: I think this has been clarified here, Mr. Danforth. There is nothing to stop this committee from making a recommendation to the House that they feel what Mr. Noble is asking should be clarified through the Department of National Revenue.

Mr. NOBLE: I might also refer to a flock of chickens which were quite valuable and restitution was made for their loss. I think the Department of Agriculture does know something about what happened in those cases. I have never been able to obtain this information.

Mr. BARRY: Mr. Chairman, with all due respect, it seems to me that the point being raised here is, when the Department of Agriculture pays compensation for the destruction of animals for disease control purposes should this compensation be treated as revenue for tax purposes by the Department of National Revenue? Now, I think the question which is being put to us, quite reduced to its bare bone, says, do we or do we not agree with the decision of the Department of National Revenue? Well, with respect, I do not think you can expect me to give an opinion on that under these circumstances.

Mr. DANFORTH: Mr. Chairman, I would suggest that his question should be phrased in the following manner: Have there been instances in the past when the Department of Agriculture has caused the destruction of animals and has made compensation therefor? I think questions like this could be considered.

Mr. BARRY: Questions such as that are quite in order, yes.

The CHAIRMAN: I know Mr. Noble knows that this has been done.

Mr. NOBLE: Yes. That is not my question. I am trying to find out if in their experience they have knowledge of whether the tax has been collected on restitutions which this department has paid?

The CHAIRMAN: I think this would be beyond the scope of this department as part of their function. As far as I know, it is strictly a revenue problem. However, there is nothing to stop a committee from making recommendations in cases like this when a herd is lost or when flocks of chickens or poultry are lost. We certainly know that you never get what you actually lost when compensation is made.

Mr. PETERS: Mr. Chairman, on the point of order made by Mr. Honey, it is a fact that this particular case of sheep was widely publicized and was a highly controversial political football for some time.

The CHAIRMAN: I think, though, Mr. Peters, it was discussed at some length at that time, and the records will show all kinds of statements and evidence presented at that time too.

Mr. PETERS: But I would think that it would not be impossible for the departmental officials to provide—and not necessarily on their own—in one source the conclusion of that particular case. I do not know what was in the member's mind, but it would seem to me that our interest in knowing whether compensation was being paid really relates to the amount of money which the farmers receive for the animals destroyed. For instance, if the payment was \$100 and \$50 of that amount was taken back as earned income, the compensation was not \$100, it was \$50. For that reason I think it might be within the purview of this committee to know what happens to compensation in general. I think the department should be interested in whether the payment made is compensation for the animal slaughtered. If the amount is not that which the farmer receives as compensation, then obviously the amount the department is paying is what the farmer receives and not what they really give him. We are told that the amount is so much, and if that is really not what he receives then I think we have the right to ask for that information. I believe the officials may be in a position—and I am not asking for policy—to advise us just what the situation is.

The CHAIRMAN: I think the officials should know the answer to this question: When a payment is made does the Department of Agriculture deduct anything for tax from the farmer?

Mr. BARRY: No.

The CHAIRMAN: We should be able to explore this as a committee on our own with the other departments, and get all the information available for the Committee. As the Chairman I will certainly try to do this, that is get every bit of evidence and the court cases, and have it available for the Committee as soon as possible.

Mr. FORBES: Mr. Chairman, it seems to me that the principle behind this question is not a matter of policy; it is included in the regulations. The point is when a man loses part of his basic herd, such as cows on account of tuberculosis or brucellosis, he is losing the basic part of his herd, and the regulations in regard to income tax are applicable. This is the point which I think is absolutely



wrong. If we can make a recommendation that this be given consideration, I think we might improve the situation.

Mr. PETERS: Do the departmental officials consider the payments which they make under the brucellosis control, for instance, as earned income as far as the farmer is concerned or straight compensation for a loss?

Mr. BARRY: Mr. Chairman, if I may, our position is that we make a payment to the farmer in consideration of the loss of an animal which we have ordered destroyed for disease purposes. The decision as to the treatment of that payment, whether it is regarded by the Department of National Revenue as earned income, whether it is, as has been suggested, treated as a basic herd matter, is one not for our department to make. I could not at this moment say what treatment is provided by the Department of National Revenue with respect to this.

Mr. PETERS: Now, Mr. Chairman, I do not want to give the wrong impression. I do not want to go into this matter of what the Department of National Revenue does. The question was, when you make a payment for the slaughtering of an animal is your payment made to replace the animal which had to be destroyed under the established control act?

Mr. BARRY: Not necessarily to replace it, sir. It is a payment—

Mr. PETERS: What happens if you kill the whole herd? Are you not really deciding you are going to re-establish the basic herd?

Mr. BARRY: There are two bases of compensation, and I probably should let Dr. Wells speak to this, but if I am wrong in anything I say, Dr. Wells will correct me. There are two broad bases of compensation for diseases and these are primarily brucellosis and tuberculosis. The rates of compensation are fixed and specified, at least the maximums are fixed and specified. This is for individual animals; this does not involve the disposition or destruction of entire herds. Where we get into more serious contagious diseases—and I might use hog-cholera as an example—the authority of the act provides for compensation to be paid to the owners at market value, and there the compensation is designed to be the value of the animal destroyed. In the case of the disease control programs, as I say, brucellosis and tuberculosis, the rates of compensation are fixed at maximum under the legislation.

Mr. PETERS: Could I ask the witness, Mr. Chairman, why there should be this differential between hog-cholera? I am well aware of the degree of severity of the problem of cholera versus brucellosis and tuberculosis. In the first place why did we decide on a certain amount for the brucellosis and tuberculosis control? How did we measure it?

Mr. BARRY: Well, sir, I think the problem is probably this basic difference between the two operations. When a serious disease such as hog cholera is identified, we require the slaughter not only of the actual animals which may be infected, but of all the animals which have come in contact with them. This is taken as a measure in the interest of the total livestock in an attempt to prevent a spread and the establishment of a foreign disease in the country. The position has been taken under these circumstances that the man

who is required to sacrifice his entire herd in the interest of the protection of the entire community, is compensated at the full value for them.

I think historically, first tuberculosis because it goes back a long way in tuberculosis eradication and in more recent years in brucellosis, we are dealing here with the eradication of a disease or diseases which in fact have been in existence in Canada for a great number of years; they are not foreign diseases. The removal applies then only to the individual infected animals, not to the herd as a whole. Now, if those animals had not been removed, if they had continued in the herd, there may and probably would have been loss to him from the fact that this disease was in those animals and would spread through his herd. So there is a distinct advantage to the individual herd owner there to have these animals removed from his own herd, as well as a total advantage to the community.

The compensation divisions for brucellosis and tuberculosis have never, over a long history of operations, been designed to compensate for the full value of the animals destroyed. They have been designed rather to provide some measure of assistance to the owner in replacing them.

Mr. PETERS: May I ask now what the situation would be if it happened to be foot and mouth disease instead of brucellosis and tuberculosis? Does the compensation rate remain the same in foot and mouth disease as is fixed under tuberculosis and brucellosis?

● (10.30 a.m.)

Mr. BARRY: No sir. If there were a foot and mouth disease the compensation would be based on the same principle as I referred to in hog-cholera, namely the owner would be compensated at the full market value of the animals destroyed.

Mr. PETERS: How long is it since we have taken a look at the compensation for brucellosis and tuberculosis?

Mr. BARRY: The rates of compensation for brucellosis and tuberculosis were increased, I think, three or four years ago.

Mr. PETERS: Have they any escalation clauses in them which allow for market values or trends?

Mr. BARRY: No.

Mr. TARDIF: In the case of brucellosis and tuberculosis, do you not have also the facility of selling the meat of the animals?

Mr. BARRY: Thank you very much, Mr. Tardif, that is another point I should have mentioned. If an animal is condemned it can go to slaughter and, provided it is edible with the infected parts removed, the owner also receives the carcass value of the animal, and if it is condemned we pay the carcass value.

Mr. NOBLE: In the case of a prize winning herd which a man has developed over many years, a very valuable herd is there no provision whereby the man will be given something for the reputation he built up over those years? When you demand that he kill those animals, you are shooting his whole reputation down the drain. It is going to take him another 15 or 20 years to build his herd back up again. I think some provision should be made to a man who has spent many years and a great deal of money to build a prize winning herd, or a herd

recognized around the world as being a source of good breeding stock, whereby if he has to lose this herd there should be some compensation to him for his loss?

Mr. BARRY: Of course, under brucellosis and tuberculosis control we do not destroy a whole herd; we only require the actual and separate animal to be destroyed. So I do not think there have been any instances where we have destroyed whole herds. I mean it would be extremely rare for brucellosis or tuberculosis.

Mr. NOBLE: Well, Dr. Barry, if a man had a couple of bulls which had years of breeding behind them and he lost them, he would be losing a lot of his reputation, would he not?

Mr. BARRY: I believe Dr. Wells could deal with that more intelligently than I. I would not have thought so, sir. The brucellosis and tuberculosis testing programs are widely known, widely understood both here and in most countries of the world, including the United States. I think it is an accepted fact that this does happen occasionally. I would not have thought that it would have any bearing on the reputation of the breeder.

Mr. NOBLE: Well, Dr. Barry, how long do you think it would take that man to get back in the same position again in the breeding stock world, to build up that same reputation he had before he got into this trouble?

Mr. BARRY: I would not have thought, Mr. Noble, that the loss of say one animal, which reacted to tuberculosis or brucellosis, would have been too significant, unless it was a really outstanding animal, such as an outstanding bull; this obviously would be a serious matter for him.

Mr. ÉTHIER: Going back to the Charolais cattle that Mr. Danforth mentioned a while ago, we were led to understand that it caused the Canadian taxpayer \$5,000 a head to inspect them.

The CHAIRMAN: That is to properly quarantine them.

Mr. ÉTHIER: Yes, to put them on the market. And there has been a lot of talk that very few Canadians could buy them; they mostly went across the border to the United States.

The CHAIRMAN: But this was all clarified the other day, Mr. Éthier, that this is not a fact, and it is in the records.

Mr. ÉTHIER: Yes. Well, this is something with which I am not satisfied. What I want to know is, is the cost to quarantine those animals added to that animal before it is exported to another country? Can the officials answer this question?

The CHAIRMAN: This was already answered in the Committee proceedings on Tuesday in great detail. This year the cattle will have an extra cost of \$5 a day, and they must pay all these expenses before the cattle are—

Mr. ÉTHIER: Well, really \$5,000 a head for the Canadian farmer is very little if you compare it to all the other expenses of the Department of Agriculture. The point is that this amount is just to quarantine those cattle and when they are shipped across the border, and our Canadian farmers do not have the advantage of purchasing some of them.



The CHAIRMAN: After listening to this evidence all day Tuesday and then again this morning, and doing as much reading on it as I possibly could, I have come to the conclusion, as Chairman of the Committee, that the Department of Agriculture's main concern is to see that the whole livestock industry of Canada is protected. This may look like a huge sum of money, but when we see the eradication of whole complete herds, as Mr. Noble said, on account of foot and mouth disease, we certainly would—as far as I am concerned—be willing to see them go to \$10,000 a head.

Mr. ÉTHIER: That is what I mean; I do not find \$5,000 a head too much if it is to the advantage of the Canadian farmers. But if there is no restriction on exporting those Charolais cattle, I do not see why the Canadian taxpayer should pay to quarantine those animals and then be exported to the United States.

What I want to know is, if all the cost of the quarantine done here, and the cost of the buildings we have to put up as an official base are added to the price of the animal before it is exported? I am just wondering if that question was asked before.

The CHAIRMAN: Yes it was, and it has been explained.

Mr. ÉTHIER: It has been explained. Thank you.

Mr. HONEY: Mr. Chairman, I apologize for not being here at the last meeting. This question may have been asked, but I was interested, Dr. Wells, in information about bringing some of your veterinarians to Ottawa for retraining, or a refresher course. Is my information correct on this?

Mr. WELLS: Yes. We have a course each year on exotic diseases for our veterinarians, and this is held at Grosse Ile.

Mr. HONEY: I see. This is not a new course starting this year?

Mr. WELLS: No, no. I believe this has been going on for 12 or 13 years; 1952 or 1953 was the first year.

Mr. HONEY: Do you bring in a percentage each year for this course?

Mr. WELLS: Yes. The maximum that we can handle in the course, because we have to keep the number down to those who can be shown and can work with the diseases, which is 20.

Mr. BARRY: Mr. Chairman, I wonder if I might say a few words, without taking up too much time of the Committee, in connection with this point which Mr. Honey has raised. We run this course at Grosse Ile especially to train our own veterinarians to let them see a series of infectious and contagious diseases which we do not have in this continent, with one exception; we do not reproduce foot and mouth disease for them.

I am taking the liberty of taking the time of the Committee to say this because Dr. Wells probably would not. This particular training course which Dr. Wells runs for this purpose has gained fairly high repute internationally. The U.S. department sends their veterinarians up to this course, and we have also had people from Australia and New Zealand come to the course. This has been a very effective course for the training of veterinarians in countries like our own, the United States, New Zealand and Australia, where our veterinarians have no

chance to see these diseases, and it gives them a chance to recognize them should they occur.

Mr. DANFORTH: Is there any charge for men from the foreign countries, or even our own? I understand it is like a postgraduate course.

Mr. WELLS: It is only a two week course, Mr. Danforth, and there is no charge as far as our own people are concerned, of course, because it is part of our own training operation. So far as the outside people are concerned, there is no charge other than their transportation, of course; they have to look after that themselves. On the other hand, of course where other countries put on courses, we are welcome to send people there. It is a reciprocal operation. As a matter of fact, we have demands or requests from considerable countries to send veterinarians to this exotic disease course, but we simply cannot accommodate them.

Mr. HONEY: I just have one other question, Dr. Wells or Dr. Barry. I am wondering if there are any vacancies now in the upper echelons of Dr. Wells' department?

Mr. WELLS: There is no immediate vacancy in the Ottawa office. There is a vacancy in the senior echelon in Ontario, one in Quebec, and one in Alberta; these are in the process of being filled by civil service competition at the moment. Now then, there is an expanding program, of course, because of the different diseases, and there will probably be vacancies.

Mr. HONEY: With reference to the Ontario vacancy, what is that office, do you recall offhand?

Mr. WELLS: The assistant district veterinarian for the province of Ontario. I am sorry. The Toronto position has been filled and this has left the assistant district veterinarians' position in Moncton, New Brunswick, for the Maritime and Atlantic provinces vacant.

Mr. HONEY: So the Ontario one is now filled?

Mr. WELLS: Yes.

Mr. HONEY: Thank you, doctor.

Mr. RICARD: What is the position in the province of Quebec?

Mr. WELLS: The vacancy for assistant district veterinarian for the meat inspection division in the province of Quebec is at the moment in the process of being filled by civil service competition.

Mr. RICARD: Who was occupying that position?

Mr. WELLS: Dr. Viateur Meilleur who retired about a month ago.

Mr. RICARD: Thank you.

Mr. GRILLS: I noticed on the estimates the amount paid to the rabies cases was only 50 per cent or less than half what it was last year. Is the whole condition cleaned up to that degree, or is the rabies program still in effect? I expect I should know myself, but I do not.

Mr. WELLS: Yes. We are continuing, of course, with a similar rabies program.

Mr. GRILLS: I wondered why this was cut in half.

Mr. WELLS: Well, it would be cut in half simply because of the anticipated need.

Mr. GRILLS: Do you think it is cleaned up to the extent where it is not as prevalent as it was?

Mr. BARRY: I wonder if I might, Mr. Chairman, explain the procedure on a matter of this kind. We never know, of course, at the beginning of a fiscal year, or before the beginning of a fiscal year, unless there are similar estimates, what demand there will be for any compensation under programs of this kind. We make a guess, and if the amount provided in the main estimates is not adequate, then supplementaries must be provided for the purpose. These compensation payments are a commitment which must be met, and if there is not enough in the main, then there is a fund to provide them under supplementaries. This is the general procedure.

Mr. GRILLS: Was this based on your experience of last year?

Mr. BARRY: I would expect so, Mr. Grills. I do not know precisely.

Mr. GRILLS: I suppose you are not receiving many requests now then?

Mr. WELLS: No, no. We pay in all cases, Mr. Grills, in Ontario and Quebec where the rabies program is in operation.

The CHAIRMAN: Are there any further questions?

Mr. PETERS: What work are we carrying on with the department of lands and forests in Ontario, and probably the same in the province of Quebec, in relation to the wildlife rabies problem which appears to be the source of infection in the unknown in the program.

Mr. WELLS: Yes, wildlife is the reservoir of rabies infection, and while we ourselves are not heavily involved in wildlife research, the Ontario provincial operations are, and we co-operate with them in research projects in so far as dissemination of disease in wildlife is concerned, and the whole problem of this kind of thing in wildlife population, increase of population, decreases, which of course gives us our rabies picture.

Mr. PETERS: Does the department pay the costs of the rabies inoculations for domestic animals such as dogs and cats?

Mr. WELLS: Yes. Where rabies becomes established in any county or municipality we conduct a survey, explaining to the local authority the necessity for quarantining dogs, and when the infection appears to be established there, then we set up free rabies vaccination clinics in those municipalities.

Mr. PETERS: Is this a set level, or does it depend on the area? Does the degree of infection have to reach a certain level before this is undertaken, or is this undertaken at any time?

Mr. WELLS: There is no hard and fast rule, Mr. Peters. It depends entirely on the evidence of infection in the area.

Mr. PETERS: Is the Hull laboratory still the only one that handles rabies examination?



Mr. WELLS: No. I had better ask Dr. Frank the answer to that.

Dr. JULIUS FRANK (*Acting Director, Animal Pathology Division, Department of Agriculture*): We carry out rabies examinations at Vancouver, Lethbridge, Hull and Sackville, New Brunswick at the present time.

Mr. PETERS: Have you any indication, from the animals sent from regional and private veterinarians, what the incident of actual rabies is in the specimens which are sent to the laboratory?

Mr. FRANK: They are less than 50 per cent.

Mr. WELLS: Roughly approximately 50 per cent of the total specimens submitted prove out to be rabies.

Mr. PETERS: I presume this is an indication of the competence of the regional people and also the private veterinarians because it is such a hard disease to diagnose until the actual examination takes place. This is quite a remarkable achievement, having reached 50 per cent of all specimens.

Dr. W. A. MOYNIHAN (*Associate Director, Contagious Diseases, Department of Agriculture*): Rabies is a serious disease, of course, and rather than err on the wrong side, we get many specimens in on the very assumption it might be rabies. As you probably know, we have to wait until the animal dies or is near death before the laboratory can make their examination because the diagnostic identification is in the brain of the animal, and this particular body known as a Negri body only appears at death or shortly before death and this is our diagnostic evidence.

The CHAIRMAN: Can I ask a question? Are there any other laboratories where the rabies testing is done?

Mr. MOYNIHAN: Well, as rabies is a reportable disease in the animal, we do all the diagnostics in the animal.

The CHAIRMAN: In all the animals where there is any suspicion of rabies, you do all the testing?

Mr. MOYNIHAN: Yes. We do all the diagnostics at the various laboratories that Dr. Frank mentioned.

The CHAIRMAN: Well, there was a report on this flying cat, or whatever it was, which was shot the other day, and they said they were testing it at Kemptville. Is that erroneous then?

Mr. MOYNIHAN: Ultimately this specimen will come to our laboratory for confirmation and examination.

Mr. NOBLE: I would like to ask Dr. Wells two or three questions. I might say before I ask these questions that I have been in touch with Dr. Wells before and he has given me very good co-operation in this matter, but there are a couple of matters which have come up and I wondered whether we could clear them here.

Owing to the fact that Canadian mink breeders are finding it difficult to secure enough suitable food, is there any possibility of having regulations on importation of chicken backs and necks from the United States streamlined so that this material might flow more freely across the border?

Mr. WELLS: Mr. Noble, there is no restriction, from a health of animals point of view, other than the required certificates on these products coming into the country. We do require, of course, that they come from a packing plant in the United States which operates under the United States department of agriculture, and we do not permit the introduction of condemned material because this might well introduce disease into Canadian livestock. But, other than that, it can come very freely; there is no hold up at the border providing it has adequate certification with it from the United States department of agriculture meat inspection certificate; it comes in simply on examination at the border.

Mr. NOBLE: There is not anything of a minor nature which we can eliminate so that it will move more freely?

Mr. WELLS: No sir. It is a very simple certificate that is required by the United States department, the meat inspection officer in the packing plant from which it comes. We have to have that certificate in order to satisfy and protect the disease situation in this country.

Mr. NOBLE: Now, there is one other question I was wondering about and that is this: Are some of the restrictions in direct protection of the poultry producers for other than disease reasons?

Mr. WELLS: No sir. We can say sincerely that all of the requirements under the provisions of the Animal Contagious Diseases Act and the Canada Meat Inspection Act are solely for the protection of disease.

Mr. RICARD: Dr. Wells, with regard to brucellosis, am I right in thinking that before the federal government steps in and makes tests, the demand has to come from the province?

Mr. WELLS: Yes, Mr. Ricard. The brucellosis and tuberculosis operations are similar in that the municipality or the township has to ask the provincial government to have the area established as a brucellosis control area, and then the request submitted to us and the area is established. However, all areas in Canada are now established.

Mr. RICARD: This is what I wanted to know. Thank you.

Mr. PETERS: I have a supplementary question. Are they all brucellosis free areas?

Mr. WELLS: No, they are not all brucellosis free areas yet, but they are certainly all brucellosis certified areas, and there are still a few left to complete. We expect this will be finished this fall. Now then, the brucellosis free areas is another step beyond the certified area and we have some free areas now; an area certified when the infection rate is less than one-tenth of one per cent.

Mr. PETERS: Has Timiskaming reached that stage yet?

Mr. WELLS: We can get that information for you, sir.

Mr. RICARD: I have a supplementary. Am I correct in presuming that one farmer cannot sell his cattle from outside his district if he is not certified?

Mr. WELLS: Do you mean if the area is not certified?

Mr. RICARD: Yes.

Mr. WELLS: Yes he cannot sell them without a test, that is, you cannot move cattle from a non-certified area into a certified area without a test. This is the control to maintain the certified area free.

Mr. RICARD: Thank you.

The CHAIRMAN: Are there any further questions on this eradication of agreement established in Canada?

Mr. PETERS: I have one last question, Mr. Chairman.

Mr. WELLS: Mr. Peters, Timiskaming is brucellosis certified, but not yet brucellosis free.

Mr. PETERS: Thank you.

Are there any new problems which have developed recently in the animal field? This is just for information.

Mr. WELLS: There are no new diseases established in the country. We naturally keep a very close watch on the development or increase of all diseases. We are concerned, of course, with Johne's leptospirosis, vibriosis, and whether or not these diseases are increasing, but we have no new diseases at the moment.

The CHAIRMAN: Are there any questions on the control of disease? This has been talked about quite a bit. Mr. Danforth, you intimated you had something to ask.

Mr. DANFORTH: Yes, I have some further questions. I would like to get back to this isolation station, if I may, with perhaps two more brief questions. In some of the questions here this morning it was suggested that perhaps I had intimated \$5,000 an animal was the cost of the course of the isolation quarantine, and whether it was \$5,000 or \$10,000, it did not matter as long as the object was obtained.

My concern is not so much with respect to the actual cost as it is with respect to what the taxpayer is receiving for his money. It seemed rather strange to me that in the projected increase in the establishment, the allocation of funds is almost the same as the allocation for this year's construction of the new veterinary college at Saskatoon. They are both in the neighbourhood of \$300,000, and it would be interesting to contemplate the comparison of both of these expenditures.

However, to get back to the isolation station, I was intrigued by an answer this morning that there was a certain period on the island where visitors would be allowed; I think Dr. Barry made this statement, because of the fact that there were no cattle present, and this is quite understandable. He also stated that when the cattle were there, of course, there was the complete isolation and visitors would not be encouraged. This is also quite understandable. But this brings me to this question: Since there is a period when visitors are allowed—and he indicated, I think, one period which was two or three months during the summer—would it not be feasible to increase the rate at which these cattle are imported as well as increase the facilities if there are periods where this isolation is not being practised in this complete isolation station? We have such



a backlog of demand; I think the request is some 1,700 animals now, on a station which will only accommodate 100 to 120. Is there not some feasibility in speeding up this? By speeding up, I certainly do not mean the curtailing in any way of the isolation program. I just mean that when one group moves out there will certainly have to be a clean-up period, but is there any way in which we can bring the next group in much sooner so there will not be this three or four month period in which the station is not used to capacity?

Mr. BARRY: The first limiting factor, Mr. Chairman, is that these cattle must leave France as calves before they attain nine months of age. So that normally, assuming a calf is a spring calf crop, the time of purchase is so that they must get into the Brest quarantine station in order that they can leave before they are nine months of age. Therefore, the winter quarantine season in Canada is the normal logical season for quarantine here, inasmuch as they must be calves in France, leave Brest before they are nine months of age, and come to our quarantine station at Grosse Ile.

Now, we propose to explore—and I have to put it in that sense at the moment, Mr. Danforth—the practicability from a variety of standpoints of providing for a summer quarantine period as well. Now, if it were possible to get 12 calves in France that could come to Grosse Ile after the winter quarantine period was over, this may be a feasible thing to do.

We have to bear in mind also that we use Grosse Ile in total for other purposes. We use it, as we discussed, for this course purpose which we have. We would not want to have this kind of thing going on while we had the quarantine station in operation. This might require some adjustment. But primarily the reason, certainly this past year, and the more or less concept of the winter use of it is because of the fact that they must leave France as calves and it is related to the calving season. This is the primary consideration.

Mr. DANFORTH: How long is the actual confinement on the island?

Mr. BARRY: Our formal quarantine period, sir, is 90 days. However, this becomes a clerical thing because they cannot leave the island during the winter; there is no way to get them out, except to fly them out individually. Dr. Wells has reminded me that while officially the quarantine period is 90 days, the testing procedure is apt to take a bit longer than that to complete.

Mr. DANFORTH: Let us suppose it takes 100 days. Now, we are speaking about cattle under nine months of age. That would give you from four to five months; you have a difference in age there from four to five months with which you can deal. Certainly, it seems to me that even without a fall crop it would be feasible to run a quarantine through.

Mr. WELLS: No, Mr. Chairman, if I may explain. Calves have to be selected in France by Canadians at six months of age or under to assure that they have not been vaccinated against foot and mouth disease. This means that they have to be selected by the individuals buying them in France no later than the month of July. We then move on to the farms in France for our testing in France on the farms during the month of August because we require the tests to be done no longer than 30 days prior to entering the Brest quarantine station. They then

to into the Brest quarantine station the first of September. They stay there for 10 days. They are tested there again, and then they have a two week or a 10 to 12 day ocean voyage to Grosse Ile and arrive there about the 12th of October.

Therefore, the whole procedure has to start about the first of July for selecting, testing, quarantining in France, transfer to Canada, and quarantining here. When they arrive here we have to let them rest for a period of ten days after they have arrived and then we start into the series of leptospirosis, brucellosis, tuberculosis, Johne's disease, foot and mouth tests in Grosse Ile, and these tests require, because of the injection of material into them for the testing and drawing of blood, a considerable time.

Mr. DANFORTH: I appreciate your answers, Dr. Wells, and I know that I am now delving in a field where my knowledge is extremely limited. I can understand where these must be purchased at six months of age, but is there not, somewhere during that whole complicated process, an opportunity where two groups can be run through with a holding period for the one group until the facilities in Canada are clear? In that whole complicated process there must be some area where one group can be held in abeyance for 90 days while the previous group goes through in order to take advantage of two isolation periods here in Canada.

Mr. WELLS: The only other way that we can hold them, Mr. Danforth, would be in the French quarantine station at Brest and we must, of course, take our turn at that station. As an example, we have to reserve the Brest quarantine station at least a year in advance for the month of September because there are other countries using it as well. So that we could not tie up the Brest quarantine station for just a matter of holding purposes.

Mr. BARRY: Dr. Wells, I think to be completely impartial on this, it would be wrong to leave the implication at the point which Mr. Danforth is raising now, namely that there is nothing being explored by us.

Mr. DANFORTH: Oh no. However, there must be some basic reason behind it because certainly the fact is that we are only using this complete isolation station for this specific purpose. We have invested half a million dollars in it within the last 18 months, and we are projecting another expenditure of \$350,000. It is used now, as I understand it, from 90 days, or 100 days, or 110 days out of 365.

It seems logical to me, approaching it from a strictly practical point of view, that there should be some ways and means of increasing the use of the facilities already there, especially when there is such a backlog of demand for the importation.

Mr. WELLS: As Dr. Barry has said, sir, we are in fact looking back with the possibility of using it if there are sufficient calves available in the fall in France, which means that they could be selected in December or January at six months of age or under and then tested and moved into Brest, and eventually arrive here in the middle of May, as an example.

Mr. DANFORTH: You spoke, Dr. Wells, of the limiting factor of the isolation stage in Brest and the necessity of speaking for space, as I think you described it, in the station for almost a year in advance.

Now, is the Brest isolation station in continuous use the year round, or have they slack periods? My point is this: This station is used to capacity apparently at the time when we want to bring in importation; yet we are speaking of doubling our facilities here in Canada which would necessitate a double reservation over in Brest. Now, what is the status there?

Mr. WELLS: The Brest station is large enough to take 200 head of cattle, but when we are using it only Canadian cattle are in it and no other cattle because all countries do not require similar testing procedures. Therefore, when we are using it we permit only Canadian cattle to be in it because of our standard of testing procedures which other countries may not apply in total.

Mr. DANFORTH: So that this station actually deals with one lot, or one condition, at a time.

Mr. WELLS: That is correct, yes.

Mr. BARRY: There are some other uncertainties in this whole picture at the moment. It is possible that the French may construct another quarantine station.

Mr. WELLS: Yes.

Mr. BARRY: These are strictly uncertain circumstances at the moment.

Mr. PETERS: Could we not put our own quarantine station there?

Mr. BARRY: Well, sir, I do not think we would permit another country to put a quarantine station on Canadian soil, so I suppose they would have the same view about us doing it. I would think they would regard that as a national matter. Normally, this is the position which would be taken.

The CHAIRMAN: Can I ask you a question, Dr. Wells, if you do not mind, Mr. Danforth. Is the quarantine station at Brest similar to the one that is on Grosse Ile?

Mr. WELLS: Well, not quite, no, because they do not do the complicated testing there which we do here.

Mr. DANFORTH: This is all I have for the moment along this line, Mr. Chairman, but perhaps I may be permitted to put some questions along the line that has been followed. I notice in the estimates there is compensation paid by the department for the destruction of contagiously diseased animals. For instance, in the estimates for 1966-67 there has been allocated almost half the amount of 1965-66. Now, is this a common practice of the department in making adjustment because of the unforeseen contingencies that are arising, or is there some deliberate reason that these estimates have been cut in half?

Mr. WELLS: No sir. This reflects the decreasing number of tuberculosis and brucellosis reactives we are encountering as the country is cleared. During the early days of the brucellosis campaign we were taking out many more thousands of reactives than we are today, and as tuberculosis declined then the



compensation necessary went down. Then brucellosis came along and the demands for compensation, of course, jumped immeasurably, or increased considerably, and now that the number of reactives are dropping there is not the need for compensation. The actual compensation amounts put into the estimate are based upon the volume of testing that we think we can get accomplished during the next fiscal year, together with our fixed rate or percentage rate of reactors against the number we are likely to get tested.

Mr. DANFORTH: Then these estimates that are submitted by the department for the committee's study and for the government are based directly on the current picture as it appears?

Mr. WELLS: That is correct, sir.

Mr. DANFORTH: I have one other question, Mr. Chairman, based on the estimates. Under vote 40 you have the continuing establishment cost which deals with the salaries, the honorariums and payment to the various technicians. I notice there is an increase this year of approximately half a million dollars in this amount. May I ask if this is a normal or logical increase, or is this due to recent salary readjustments, or what is the basis for this increase in expenditure to this degree?

Mr. WELLS: Well, it would be based on two factors, sir. First of all, there is a continuing increase in the demands for service, particularly in the meat inspection field where many new plants are coming under inspection of the Canada Meat Inspection Act, and under statutory requirements inspectors must be supplied for these establishments. Secondly, it would reflect a statutory increase in salary.

Mr. DANFORTH: Mr. Chairman, it must reflect mostly statutory increases because, by observing the number of personnel, there has only been an approximate increase of 100 personnel which would hardly account for an increase in wages of half a million dollars.

Mr. BARRY: Yes, I was looking at the establishment and there is an increase of approximately 100 positions. Now, I suppose if you took 100 positions at an average of \$5,000, that would be half a million dollars. The big increase is in the range of \$4,000 to \$6,000. So that would probably be about the average.

Mr. DANFORTH: That is what I was interested in, Mr. Chairman. I will pass, Mr. Chairman.

Mr. FORBES: Mr. Chairman, could I ask a supplementary now that we are back on compensation again, and I want to direct this question to you as Chairman? Earlier in our proceedings reference was made to compensation for the loss of livestock by contagious diseases, and that the revenue received as compensation was subject to income tax. Now then, the question is: Will we have the opportunity to have the Department of National Revenue before the Committee?

The CHAIRMAN: As I said, Mr. Forbes, we are trying to get all the information, I believe, which the Committee desires. We can probably have some of the officials come before the Committee at a later date and discuss this with them.

Mr. FORBES: This is a very important question because I have been caught on this myself. The fact is that any revenue received is regarded as income and, as referred to earlier, you could lose your whole basic herd and you would have to pay income tax on it. As I said, I think it is a very important question. I think we should be in a position to make some recommendation with respect to it.

The CHAIRMAN: Thank you, Mr. Forbes.

Mr. LEFEBVRE: Mr. Chairman, I just want to take the opportunity, while Dr. Wells and Dr. Moynihan are here, to ask these two gentlemen a couple of questions on the disease which is affecting horses at the present time in Pontiac County, and I believe this is commonly known as swamp fever. I think this was brought to your department's attention, Dr. Wells, in the last couple of days, and I believe a meeting is to take place among the Canadian Trotting Association, the Guelph Veterinary College and Dr. Roly Armitage, a veterinarian from Shawville, Pontiac County, and Mr. U. Proudfoot of Fort Coulonge, and officials of your department to possibly investigate the matter of initiating more research and health in combating this disease, which I understand is affecting some valuable race horses in this county and others.

Mr. Chairman, perhaps Dr. Wells could give some information on this subject to the Committee with regard to what they do know about this disease, and the research which is presently going on on this subject.

Mr. WELLS: Well, Mr. Chairman, infectious anemia or swamp fever of horses is not a new disease; in fact, it is a very, very old disease. It has sprung up recently more in the United States than in this country and we have already met with the horse association people in Canada with respect to this. Our research people are working on it. We have had the new test which is being developed in Texas investigated, and we are working with those people on that test for the disease. We have instituted closer inspection at the border on the importation of horses coming from the United States into our race tracks. We are aware of the meeting you have just described, and we will certainly be attending it to work on the disease.

Mr. LEFEBVRE: Would the Minister of Agriculture have to authorize this meeting, or can your department go ahead and organize it?

Mr. WELLS: No sir. In matters of this sort, because it is a matter of a disease emergency, we simply proceed on the basis of normal operations, keeping the deputy minister advised with respect to developments.

Mr. LEFEBVRE: Is there a vaccine now developed for this disease?

Mr. WELLS: No sir, there is no vaccine.

Mr. LEFEBVRE: There is research going on?

Mr. WELLS: Yes, there is research going on for it. The first problem, of course, as I said the other night in any of these diseases, and Dr. Frank mentioned it, is that we have to produce the causative agent and be able to reproduce that causative agent at will in order to work on any form of the vaccine. Second, we have to establish a diagnostic test in order to pick out

evidence of the disease in animals prior to the establishment of clinical symptoms, and these are the two difficult areas with respect to this disease. In fact, in any disease where we have trouble, these are the two difficult areas.

Mr. LEFEBVRE: Thank you.

The CHAIRMAN: Are there any further questions on the control of diseases established in Canada? With respect to the prevention of introduction of foreign diseases, this has been discussed at great length. The next item is export certification.

Mr. DANFORTH: I am sorry, Mr. Chairman, may I ask where we are at the moment?

The CHAIRMAN: We are just getting ready to start on meat inspection division.

Mr. PETERS: Before we proceed, could I ask that we go back for one question on horse racing?

The CHAIRMAN: Yes.

Mr. PETERS: Is it your inspectors who do the horse racing inspections?

Mr. WELLS: We inspect horses at the border, Mr. Peters, and because of this recent infectious anemia problem we are working with the racing people, making certain that flies are kept down at racing tracks because flies are the vectors of infectious anemia, but we are concerned again solely with the disease problem.

Mr. PETERS: In its initial stages this would be pretty hard to detect. In other words, is there an advantage in us putting on a quarantine against moving our horses into the United States tracks, and the United States horses into Canadian tracks at this time?

Mr. WELLS: No, I do not think so, sir. The first indications of the disease is a temperature, and we are not taking the temperature of all horses when they are presented for entry into Canada.

Mr. PETERS: Do your veterinarians provide a saliva test?

Mr. WELLS: No sir, we do not do the saliva testing. These veterinarians are appointed by the race track. This is under the Department of Agriculture, but it is not under the health of animals branch, of course, because this is not a matter of disease testing. This is for the race track betting operation.

Mr. PETERS: Has there not been any request for this to be brought under one department, or one section?

Mr. BARRY: Well sir, the supervision of racetrack betting submitted to under the livestock division of the production and marketing branch.

Mr. PETERS: We have a request from the Committee to review the whole matter. This is why I was asking about the veterinarian part of it.

Mr. BARRY: Right now, as I understand it, the veterinarians used on the tracks in connection with the saliva and urine tests primarily are employed by the tracks. Our health of animals branch does not enter officially into this side of it.



The CHAIRMAN: I would just like to comment that I think the report on horse racing will be ready this afternoon for the Committee.

Mr. Danforth, when we interrupted you before, you had some questions did you not?

Mr. DANFORTH: No. I will pass, Mr. Chairman.

Mr. NOBLE: Are you going on with meat inspection now?

The CHAIRMAN: Yes.

Mr. NOBLE: Well, Mr. Chairman, I would like to put this question. As is known by most everybody these days, a lot of meat is being produced with the use of stilbestrol, and I have had a sad experience in this connection. This was not voluntarily; it was something which happened to us accidentally. I saw what can happen to livestock through the use of this material. I am wondering what can happen to humans who may become exposed to this product through the use of meat which has been produced by the use of stilbestrol. Can Dr. Wells tell us anything about this?

Mr. WELLS: If I may, sir, I would prefer to be excused from discussing the effects on humans upon the consumption of stilbestrol.

Mr. NOBLE: Well, perhaps I could put it this way, Mr. Chairman. Has this department done any research on meat which has been produced by the use of stilbestrol?

Mr. FRANK: We have done some research in so far as tests are concerned which can be used in determining how much stilbestrol there is in meat. We do have a test for it.

Mr. NOBLE: The point I would like to make here is the fact that there are regulations with respect to the use of stilbestrol, that the animals have to be kept for a certain period after they have had stilbestrol before they can be marketed. Is this true, Dr. Wells?

Mr. WELLS: Yes, this is correct.

Mr. NOBLE: What is this period of time?

Mr. WELLS: It is 48 hours.

Mr. NOBLE: Only 48 hours?

Mr. WELLS: Yes. This is a regulation of the Food and Drug Directorate, Department of National Health and Welfare.

Mr. NOBLE: Would this also apply to animals that had been treated by implanting pellets in their ears?

Mr. WELLS: Yes, it can be withdrawn, of course.

Mr. NOBLE: Well then, how are you going to regulate this particular phase of the introduction of stilbestrol?

Mr. WELLS: The food and drug regulations permit only the use of stilbestrol in beef cattle under 400 pounds of weight.

Mr. NOBLE: I am wondering how closely these regulations are being observed, and how people are being protected against unscrupulous readers who might take advantage of a situation which is not closely scrutinized, as far as I can learn. In fact, I know of a chap who sterilized a herd of mink by feeding them beef trimming. Now, it seems to me that if this had been implanted in an ear that this would be almost impossible. This indicates to me that this implant must have been made in the neck of these animals to have this particular part of the carcass affected with stilbestrol to the extent of sterilizing a herd of mink.

Now this is something which I think should be looked into. I do not know how many of you fellows have really seen the results of a severe taste of stilbestrol poisoning, but if you had been with me and had seen the experience we had you would realize how dangerous this product is. It also seems to me, Mr. Chairman, that this material is deadly in the hands of a layman. It may be all right when applied by scientists and doctors, but when it is allowed to get into the hands of anybody who wants to use it, I think this is a dangerous practice.

The CHAIRMAN: Do you have any further questions, Mr. Noble?

Mr. NOBLE: Mr. Chairman, I think the Committee should make some recommendation right here and now in respect of this matter because this is a serious subject.

The CHAIRMAN: I may say, Mr. Noble, that you were here when we first discussed it with the Agricultural Committee. Since then I have talked to several medical doctors about this being carried over into meat consumed by humans, and I asked three of them if there was any danger involved. Of course, these people were quite knowledgeable; they said they could see no danger, but they may have been wrong too. I listened to an interview of a medical authority with a newspaperman—this was at the same time our Committee proceedings had been going on—and this medical authority said no, he could not see any possibility of humans being contaminated, or whatever you want to call it, damaged by consumption.

Mr. PETERS: Mr. Chairman, a supplementary question. Is it not a fact that when stilbestrol is used in certain products and these products are fed to mink, for instance, that they kill the mink?

The CHAIRMAN: They sterilize them.

Mr. PETERS: They sometimes kill them, not just sterilize them. It is not only an abortifacient, if that is the word, which has the effect of an abortion, but it also is highly dangerous in large quantity, and for that reason it kills mink. Obviously, it cannot be good for humans. It may be the medical argument that it may not be lethal, or it may not be highly dangerous.

What protection is given to the situation which is taking place in western Canada, I am told, where they use a very large dose of stilbestrol to effect an abortion before they ship heifers? If a heifer is pregnant they abort it by giving it a very large dose of stilbestrol and within a very short time that animal, in an unpregnant condition, can be on the market. This is not just stilbestrol in feed; this is a very large effective dose of it.

Mr. WELLS: This is not a common practice, Mr. Peters, but it is a fact that it can be used in this case. It is used primarily when an individual wishes to have dry heifers for growing purposes rather than pregnant heifers in so far as putting on the meat trade is concerned. When it is done for abortion purposes then the animals have to be held for some considerable time because the act of abortion in itself makes them unfit for slaughter. The purpose of doing it is in order that they will grow and add more weight, so that they are kept at pasture invariably following this procedure. They are not aborted specifically to move them into the slaughter chain.

Mr. PETERS: Well, is it possible to tell from a medical point of view whether the abortion is controlled with the use of stilbestrol as opposed to—I do not know many medical terms—just general control? There are animals that do abort automatically themselves and you have to dispose of these, very similar to the brucellosis contagious abortion in an active state. These cattle are sold on the market. You have a heifer that aborts. Most people with good cattle would not take a chance on keeping her for a period of time to see whether this was by accident or whether you knew that she was, what might be called, a perennial aborter. Now, can you tell the difference between these two factors? These cattle are put on the market; obviously a dairy farmer ships this kind of heifer.

Mr. WELLS: They have to be kept for approximately ten days following any abortion; otherwise they would be condemned in the packing plant as unfit for food, or any calving as a matter of fact, natural or unnatural. Otherwise, it would be a matter of condemnation of the product. So that they are not shipped immediately following the abortion.

Mr. PETERS: How can they detect this?

Mr. WELLS: By means of examining the uterus.

Mr. PETERS: Do they do this in both cases?

Mr. WELLS: Oh, absolutely sir. In all inspected packing plants in this country there is an anti-mortem and a full post mortem of every animal.

Mr. FORBES: If you are through, Mr. Peters, I would like to ask one supplementary question. You made reference to using the stilbestrol implant in livestock up to 400 pounds. Now, who controls whether you use it on a 400 pound animal or an 800 pound animal? You get a tranquilizing effect regardless of what animal you use it on, and I know that this is being done because it is a tranquilizer and it quietens them down. You can put steers and heifers all in the one pen together. It quietens them down; they go on feed and do well right from the start instead of taking a week or two to settle down. So who controls this?

Mr. WELLS: The Food and Drug Directorate of the Department of National Health and Welfare.

Mr. FORBES: I can buy it and put it in myself. Who controls me?

Mr. WELLS: There is this regulation under the food and drug people which prohibits its use in total in poultry and permits its use in cattle.

Mr. FORBES: Yes, but it does not direct who must make the implant?



Mr. WELLS: No sir.

Mr. FORBES: Nor at what rate?

Mr. WELLS: Yes, it says it must not be used over 400 pounds.

Mr. FORBES: Yes, but then who controls me? I can decide to put this into a heifer that weighs 800 pounds, or close to it, to get the tranquilizing effect.

Mr. WELLS: Perhaps I should say I am not aware, sir, of the control exercised by the Food and Drug Directorate.

Mr. FORBES: You just have to depend on the trustworthiness of each breeder.

The CHAIRMAN: I would only like to make one comment, Mr. Danforth, on Mr. Noble's suggestion, that possibly the Committee should gather every bit of information they can from the Food and Drug Directorate and have the steering committee study this and make recommendations to the Committee direct before we submit our report.

Mr. DANFORTH: Before we delve into that field of it, perhaps it would be wise for the Committee at the present time to take advantage of the witnesses before it to find out just how much of the control or what field of influence the Department of Agriculture has in this particular and important question.

The CHAIRMAN: You mean on the uses of stilbestrol?

Mr. DANFORTH: Not so much on the uses. I follow along Mr. Noble's deep concern over the fact that humans might be in some instances subjected to this, and I would like to ask some questions if Mr. Forbes is finished?

The CHAIRMAN: Yes.

Mr. DANFORTH: If I may, Mr. Chairman, I would like to find out if it is possible, or if it is a fact, that our normal meat inspection as carried out could determine whether there were present in carcasses this chemical, or any other chemical, which could be adverse to humans on the consumption of the meat.

Mr. WELLS: No sir, it is not possible in the normal meat inspection operation because it would be totally impossible to conduct the required tests on every carcass for stilbestrol.

Mr. DANFORTH: Mr. Chairman, I am sure we have the gentlemen here with the knowledge this morning that can enlighten the committee in this particular field. We speak of the food and drug which has the responsibility to determine which are and which are not harmful chemicals, and they more or less by their knowledge draft up the regulations under which these are used specifically in Canada. May I ask then what is the field of the Department of Agriculture; how is there any check run with regard to whether or not there are harmful chemicals in the meat used for consumption? How do you determine this? I would be interested to know what safeguards there are for the public. Now, certainly the food and drug do not carry on an inspection to determine whether this is there. We can have all the regulations in the world, but unless we are sure that the public is safeguarded, of what value are the regulations?

For example, as Mr. Forbes pointed out, this regulation states that the implant must be in an animal 400 pounds or under. What safeguards have we as to the fact that it is put in at 800 pounds? For example, they say an animal cannot be put on the market for 48 hours after an injection of stilbestrol. Why was the 48 hours determined? This is what the public is interested in, I think, Mr. Chairman. Does the matter of cooking meat destroy this chemical and make it so that it is not harmful to humans, or just what is the picture as far as the Department of Agriculture is concerned? Where is their field of influence? Have they any recommendations they would care to offer the Committee in this regard?

Mr. C. R. PHILLIPS (*Director General, Production and Marketing Branch, Department of Agriculture*): Mr. Chairman, I recall when the stilbestrol problem first arose here as to whether it could be used in Canada. Food and drug, in conjunction with the Department of Agriculture, examined this thoroughly. In terms of feed, we were involved because of the Feeding Stuffs Act, and it was determined that with the level of stilbestrol allowed in the feed, if the feed was labelled not to be fed within 48 hours of slaughter there was complete safety. The evidence demonstrated that there was no residue in meat when fed this feed after 24 hours, and it generally takes at least 24 hours from the farm to slaughter in the case of cattle.

Where the department came into it in terms of stilbestrol generally was in terms of their interest in allowing the material in feed or as an implant which would be of economic benefit to the farmer. Food and drug examined it from the standpoint of harmfulness to humans, and after all their tests and submissions by the people on tests that had been made in the United States and Canada it was approved, but not for poultry. It is just for beef and lamb in terms of feed.

I want to make an observation on this matter of implants. I would not expect farmers to implant too close to market unless it were for some other purpose than for economic gain, because it does take a period for this gain, and therefore they just would not do it. I gather Mr. Forbes believes it has other advantages; I am not aware of that.

Mr. NOBLE: Mr. Chairman, this is where the trouble comes in and this is where I think this Committee should take action because this is the place that this can be used promiscuously and by people who are not concerned about your health or mine; they are concerned about making a buck. So, I feel that this is where we should make a recommendation that there should be some restriction with respect to the use of the pellets for implantation.

I will go along with the thinking that possibly after 48 hours, or maybe a little longer, the animal is able to get rid of any residue which might come from this material. I have my doubts about that too because we have had tests made on livers and tripe that have come from the slaughter houses and we have found the residue from stilbestrol. We had a sad experience and we went into all the angles to see whether we could locate this trouble, and this is evidence that can be relied on.

Now then, Mr. Chairman, I hope I am not interfering with you fellows. It has been stated that it was unlawful for use in poultry. When we first had this trouble with stilbestrol it was laid right on the door of poultry; it was said that this was the only place we could get this particular poisoning. Of course, tests were made and the report got out that it was in the poultry, with the result that I had two of the people from the Agricultural College in Guelph consult me on this matter and they said, "You are wrong there; it could not be in poultry because it has been outlawed for four or five years." Of course, we began looking for other sources.

However, the point I want to make is this: When these people talked to me about this particular problem of the stilbestrol in poultry, they said one of the reasons why there was a danger to humans in using it in poultry was because it was done with the implant, and secondly, that most of the gain put on poultry was very moist flesh, and there was a quick shrinkage after the poultry was killed. They recommended to poultry breeders not to use it; that it was not of any particular value anyway because there was this big shrinkage unless they got their poultry on the market quickly after it was killed. As you know, a lot of the poultry has to be stored for some time before it is marketed. So they pointed out to them that there was no particular advantage.

In going a little further with this matter, I do believe in our experience that the residue does build up in the body until it comes to a point, you might say, of explosion, when it comes to the breakdown point. We had been feeding this for possibly six weeks to two months unknowingly. It was pointed out to us that we started to feed this on January 17. These people had the dates of when it went into the feed. Of course, we do not know how it got into the feed; they never did tell us that. They were responsible for this and it was knowledge that they wanted to keep in confidence. But this breakdown did not come until around the first of March.

Now then, this indicates to me that there was a build-up of the residues in the bodies of those animals, and the first thing that we saw was a complete breakdown of the urinary tract. Now then, if this affects small animals in this respect—and it was a very minute amount that was getting into this feed—it indicated to me that we did not need a very large amount to do some of the things which you mentioned a while ago, such as abortion. I do not think it would take a very large amount to cause an abortion because I talked to a druggist and he told me that he knew incidents where this was being used by humans.

Now, when you get into all these angles of this thing, I think it is a dangerous practice completely. I think we should take firm action here to have something done, and we should do something in respect to the regulations of administration because it should not be allowed to be used in the hands of a layman who does not know what it is all about. One feed fellow who I know keeps it on hand, and a steer feeder will come in and say, "I want some



stilbestrol in my feed". Now there is no particular amount stated; he goes in with a scoop, takes so much out of the bin, throws it into the box of feed and mixes it up, and maybe the next fellow gets half as much again as the last fellow got. This is how loosely it is being used. So I think something should be done here and now and not wait until we get into serious trouble such as some of the other matters that have happened to us over the years because we disregarded things which should have been looked into on the spot.

So, Mr. Chairman, I think that some recommendation should go forward from this Committee. I am not saying you should go over the head of Dr. Barry or Dr. Wells. I think they can probably help us in this because after all the cattle breeders have benefited by the use of stilbestrol. They have added faster gains to their cattle and they have made money out of it. However, if it is going to injure our health, I think money should be a second consideration. Thank you.

The CHAIRMAN: Thank you.

Mr. DANFORTH: I was very interested in the remarks of Mr. Phillips; it clarified the picture considerably. Perhaps I may just pursue this matter based on the information he gave us. As I understand it, it was stated that this was not for poultry, but it was specifically for beef animals and sheep. You spoke of it being incorporated in the feed from feed companies. Now, was there any regulation stipulated as to the maximum amount which could be put into the feed? Second, is there any check by the Department of Agriculture, or to your knowledge the food and drug inspectors, on the feed itself to see whether a continuity is in the feed, or whether precautions are adequately taken that the next batch of feed in the particular mixing is not contaminated without thorough cleaning? What is the procedure in this regard?

Mr. PHILLIPS: Well, Mr. Chairman, at the time the approval was given for the inclusion of stilbestrol in feed there was quite an extensive requirement on the part of the manufacturer. The feed had to be registered. As far as I am aware, it is not permitted now to be made on the basis of a customer formula feed, as we call it, as Mr. Noble had indicated. The maximum level specified at 10 milligrams of stilbestrol per head per day is what is required, and in the feed it must be at a level as the feeding direction stated. The manufacturer, before he could register the feed, had to establish he could mix to that level. He had to have feeds mixed and submit it for tests to determine whether he could in fact mix to that fine degree. He was allowed a tolerance of 10 per cent from guarantee. If it was over plus or minus 10 per cent then he had not established that he could mix it. He had to establish that the feed was cleaned out of the mixer and the subsequent feed did not contain stilbestrol.

We know now from the tests that were in effect at that time—all tests have been proved—that there could have been at that time an amount of stilbestrol in a feed that followed following clean-out which was sufficient to affect mink. Mr. Noble is familiar with this. It took an entirely different test rather than a chemical one to determine this. The feeds were tested regularly, and if it were

found subsequent to approval that the firms had not met this test, the privilege to mix was removed. These were the items that were taken into account in determining whether a manufacturer could mix these feeds. Of course, there were cautions required on the label about the beef of animals and so on.

Mr. DANFORTH: May I ask who polices this? Is this under the Department of Agriculture?

Mr. PHILLIPS: Yes.

Mr. DANFORTH: Then the Department of Agriculture police this, and it is a continuing process—

Mr. PHILLIPS: Yes.

Mr. DANFORTH: —as far as the feed is concerned?

Mr. PHILLIPS: That is right.

Mr. DANFORTH: Now, are these commercial feeders licensed under the department to incorporate this in the feed, or is it just by regulation?

Mr. PHILLIPS: You said commercial feeders?

Mr. DANFORTH: Producers or mixers.

Mr. PHILLIPS: Manufacturers of feed?

Mr. DANFORTH: Yes.

Mr. PHILLIPS: They must have their feeds registered, as we call it, under the Feeds Act; this is provided under the act, and regulations with respect to this particular type of feed are indicated in the regulations.

Mr. DANFORTH: Can any commercial feed production establishment produce or incorporate stilbestrol in the feed without obtaining its—

Mr. PHILLIPS: Not under the law.

Mr. DANFORTH: Then they are in fact breaking the law if it is done. I am very much impressed with precautions which have been taken by the department in this particular area.

Now, as far as the other area is concerned namely the incorporation of stilbestrol in the feed, this is by request of the producers themselves. Is there a high cost factor involved? Is this an expensive proposition?

Mr. PHILLIPS: No. Your question is, are stilbestrol feeds more expensive than others, and how much?

Mr. DANFORTH: Yes.

Mr. PHILLIPS: I cannot answer that as I am not up to date on the differences in cost.

Mr. DANFORTH: What I am particularly interested in, and the basis for this question is, I am wondering whether there is a profit angle on the part of the manufacturer of the feeds themselves. In other words, he would derive more profit in his establishment by producing feeds containing stilbestrol than the margin of profit from feeds not containing stilbestrol?

Mr. PHILLIPS: I would expect that there would be the element of competition, and he would derive an additional profit to the extent that he would be able to sell more feeds.

Mr. DANFORTH: Well then, to get into the other field that I am particularly interested in: To the knowledge of the officials here this morning, is it possible for any farmer to procure stilbestrol in any quantity without licence or regulation? Is this readily available? Could I go to a commercial chemical supplier or to a commercial feed establishment and buy a quantity of this stilbestrol?

Mr. PHILLIPS: Not to my knowledge in terms of the stilbestrol that was in the feed. However, I believe—and this is under food and drug—that implants are properly labelled, but not for feeding.

Mr. DANFORTH: No, but for use. In other words, could I go to a normal drugstore, or a normal farm products centre and buy 200 implants without having to make formal application or sign a certificate such as you would if you were procuring harmful drugs? In other words, I could just go in and order a ton of fertilizer, 200 implants and two tons of bran. Is it just as easy as that?

Mr. PHILLIPS: I hesitate to answer this because this comes under the department of food and drug.

The CHAIRMAN: Dr. Hetherington, do you wish to answer this?

Dr. C. K. HETHERINGTON (*Director, Meat Inspection Division, Department of Agriculture*): I see no reason why you could not go to a drugstore and buy the implant without signing a certificate or a statement.

Mr. DANFORTH: If I may, Mr. Chairman, I would just like to follow this through because I think it is of interest to the Committee on this particular subject. I can buy these implants, and once they are in my possession I can use them in any way which I may determine. Then, as I understand it, there is no way of inspecting the meat which I might sell as a product, or there is no inspection carried out for this particular chemical.

Mr. PHILLIPS: I meant to include in my answer a while ago that this question was in fact asked and was answered by food and drug with respect to the checking on stilbestrol, and there was no evidence of stilbestrol residues in meat in their inspections.

Mr. NOBLE: Mr. Chairman, may I interject there? I am the one who asked the question in the House of Commons and this is the reply I received from the Minister of National Health and Welfare. However, I do not go along with it because they could make a check on a couple of carcasses without following through with this thing. Now, in some of the carcasses, it may be in the feed that they were using; others may be implants. They do not say, "Well, we will check all the ones that have been implanted and compare them with the ones that have been fed with cereal". They made a spot check, they did not find it, and that is all. That is how I got the answer. I got it quick; it was only a few days.



Mr. DANFORTH: I want to follow through with this, Mr. Chairman. Is it not a fact that I can use these implants? I can grind them up and put them in the feed if I want to. There is no regulation which says I must not, or nothing that prevents me from using it in any way I may wish; there is no way of checking what I do with them. As I understand it, any of the products which I sell are just going through normal inspection, and there is no way of testing whether there is lethal residue of stilbestrol in the carcasses. Am I right in this assumption?

Mr. PHILLIPS: You are right except you would be breaking the law because there is something in the Food and Drugs Act which says you cannot sell meat containing a drug, or meat which is contaminated with a drug. If they checked they would hold you responsible as they did with the pesticide checks in Manitoba a few years ago when the farmers knew nothing about it.

Mr. DANFORTH: I can appreciate that. I would just like to follow this through. This is stated under the food and drug. However, my understanding is that I would not even be subject to investigation or prosecution unless somebody died and they could trace it back through the meat I produced. To be absolutely blunt, half a dozen people could be made sterile and not realize for a year perhaps that this had happened. How in the world could they ever trace that back to me.

Mr. PHILLIPS: Most people would take longer to have their tests—

Mr. DANFORTH: This is my problem. I think this is a very important matter, Mr. Chairman, in that we are continually progressing into a more chemical field each and every year, and there are very important questions arising now as to whether we do have proper safeguards in this respect. Certainly, I am not casting any aspersions on any department or anything else, but I would like to have it clarified if we are in effect, in the use of some of these chemicals, creating a hazard to public health.

The CHAIRMAN: I would just like to interject one thing. I think most of our agricultural producers of the nation—there may be the odd unscrupulous one—have a real concern themselves that their product, whether it be meat, vegetables or anything else does not have this carryover in it. I would think that this is probably part of the department's line of thinking on this too. I would not want the Committee to create the thought in the public's mind that there were people who were implanting stilbestrol like wild and feeding it like wild without any concern at all; I hope we are not doing this.

Mr. DANFORTH: Mr. Chairman, this is beside the point. It is all right to speak of the honour system, but we could have half a dozen individuals in the total population infected by one unscrupulous act. I want to see if we can rule out the possibility. I can appreciate that most of the farmers are honourable men, and I will go along with that 100 per cent. I am more concerned about what can and sometimes does happen regardless of how scrupulously all parties behave.

The CHAIRMAN: I would think, Mr. Danforth, that we realize, in spraying insecticides and so on, commercial sprayers now all have to be licensed, and I think you are aware also that people spraying vegetable crops commercially have to pass special tests; this year some of them failed and they were quite put out about it. This is becoming stricter. I think what Mr. Noble has asked here certainly the committee can follow up and make some fairly strong recommendations on this.

Mr. DANFORTH: But I am trying to establish the fact, Mr. Chairman, that under the actual practices we are following today there is the possibility of this hazard. This is what I would like to establish for the record of the Committee so this Committee will be in a position to make a constructive recommendation in this regard. I am very sympathetic with what happened to Mr. Noble which was a very costly experience indeed. It alarmed me as to the possibility of what the population of Canada can be subjected to unknowingly.

The CHAIRMAN: In order to clarify it, we should say what happened to Mr. Noble's mink because they may get the wrong idea here.

Mr. NOBLE: It ruined my reputation.

Mr. FORBES: Mr. Chairman, I would like to follow this up a little further. Is it not a fact that stilbestrol used as an implant is in a different form to that which is mixed into feed? This would rule out the possibility, as Mr. Danforth says, of mixing it unscrupulously.

Now the other thing is this, that in this pre-feeding they have to mix feed, with stilbestrol, but there is no hay or straw used in the mix; it is an all-grain ration and the steers are running loose. This gets to the point Mr. Noble brought up that one animal could get an unlimited quantity. It is a different thing feeding it that way than if animals are tied in a stall and you are giving each individual animal so much feed. This is the possibility of one animal getting an over-supply. My understanding of this is that if an animal gets an over-supply of stilbestrol, he practically goes to sleep for a day or two, and when he recovers he goes back on feed again. We know through practice that it has a stabilizing effect on the animal; that is, he quiets down immediately he gets this feed. This is the only danger of an animal getting too much.

The implants are the safeguard where an animal only gets so much. If you give an implant you are sure that he is not going to get an over-feed. The danger is when you are feeding them an all-grain ration, it is loose and the animals are running loose and then they go out and take too much.

Mr. NOBLE: It would be all right if you were using it on your cattle, but not everybody.

The CHAIRMAN: Are there any further comments on stilbestrol?

Mr. PETERS: Well, Mr. Chairman, I do not think we should leave it the way it is. I am not sure what further steps we can take, but obviously we have reached a stage—

The CHAIRMAN: If I may interject, Mr. Peters, the subcommittee should meet and certainly come up with some suggestions and, if necessary, consult further with Dr. Wells and his department and with the Food and Drugs

Directorate and make a recommendation back to the committee. Is that satisfactory?

Mr. DANFORTH: I have no objection to that, Mr. Chairman.

The CHAIRMAN: Are there any questions on meat inspection? If there are no further questions...; it is after 12 o'clock now, there is no real need to keep these people here.

Mr. ASSELIN (*Richmond-Wolfe*): What about chicken litter being fed to animals? Have you found that it has any effect on the meat?

Mr. WELLS: Not as yet, sir, by ourselves, but we are in the process of examining this whole position. This again depends upon a number of factors, such as whether the litter used is from mature laying poultry stock or whether it is from broiler stock. It depends upon the age of the litter and the amount of bedding which has been applied to the litter. We have in fact established places throughout Canada where it is being used. We have run tests on it with respect to feeding of cattle, concerning the possibility of the transfer of infection and we are in the process of running a survey on the whole issue to establish what the effects of it are.

Mr. ASSELIN (*Richmond-Wolfe*): Have you made any contacts in the United States on this?

Mr. WELLS: Yes, we have.

Mr. DANFORTH: Mr. Chairman, how late is it proposed that the Committee will sit because I have a number of questions I would like to ask with respect to this.

The CHAIRMAN: I have been here since 9.30 and people have been waiting in my office for about an hour now, so I feel we should adjourn now. We will meet, if the House is still in session, on Tuesday.

The committee adjourned.



OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

UNIVERSITY OF TORONTO

# Agriculture, Forestry and Rural Development

*Chairman:* Mr. EUGENE WHELAN

## MINUTES OF PROCEEDINGS AND EVIDENCE

No. 23

Respecting

Estimates (1966-67) of the Department of Agriculture

TUESDAY, JULY 5, 1966

### WITNESSES:

*From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister, Production and Marketing Branch and Chairman of the Agricultural Stabilization Board; Dr. Julius Frank, Acting Director, Animal Pathology Division; Dr. C. K. Hetherington, Director, Meat Inspection Division; Mr. Frank Payne, Chief, Merchandising Section, Poultry Division.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin	Mr. Grills,	Mr. Nowlan,
( <i>Richmond-Wolfe</i> ),	Mr. Herridge,	Mr. Olson,
Mr. Beer,	Mr. Honey,	Mr. Peters,
Mr. Berger,	Mr. Hopkins,	Mr. Pugh,
Mr. Choquette,	Mr. Horner ( <i>Acadia</i> ),	Mr. Rapp,
Mr. Clermont,	Mr. Johnston,	Mr. Ricard,
Mr. Comtois,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Crossman,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Danforth,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stafford,
Mr. Éthier,	Mr. Matte,	Mr. Stefanson,
Mr. Faulkner,	Mr. McKinley,	Mr. Tucker,
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Gendron,	Mr. Neveu,	<i>guay-Huntingdon-</i>
Mr. Godin,	Mr. Noble,	<i>Laprairie</i> ),
		Mr. Yanakis—45.

(Quorum 15)

Michael B. Kirby  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

TUESDAY, July 5, 1966.  
(30)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.50 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Danforth, Éthier, Faulkner, Forbes, Gendron, Honey, Hopkins, Laverdière, Lefebvre, MacDonald (*Prince*), Matte, McKinley, Moore (*Wetaskiwin*), Noble, Nowlan, Peters, Pugh, Rapp, Ricard, Roxburg, Schreyer, Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (24).

*In attendance:* From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister, Production and Marketing Branch and Chairman of the Agricultural Stabilization Board; Mr. J. S. Parker, Director General, Departmental Administration; Dr. K. F. Wells, Veterinary Director General; Dr. Julius Frank, Acting Director, Animal Pathology Division; Dr. C. K. Hetherington, Director, Meat Inspection Division; Mr. Frank Payne, Chief, Merchandising Section, Poultry Division.

The Committee resumed consideration of the estimates of the Department of Agriculture for the fiscal year 1966-67, items 40 and 45, Health of Animals. After the Chairman introduced the officials, the Committee resumed questioning them.

Later, at the request of Mr. Noble, it was *agreed* that the Departmental officials would supply the Committee with figures on the number of birds condemned because they were dead on arrival at the various poultry slaughtering plants.

On motion of Mr. Peters, seconded by Mr. Matte,

*Agreed*,—That items 55 and 60 of the estimates of the Department of Agriculture for the fiscal year 1966-67 carry.

The Chairman and members of the Committee thanked the officials from the Health of Animals Branch.

The Chairman recalled item 15 of the estimates of the Department of Agriculture for the 1966-67 fiscal year and the Committee resumed questioning the officials.

At 12:00 o'clock noon, the questioning of the witnesses continuing, the Chairman adjourned the Committee till 3:30 o'clock p.m. this day, or to the call of the Chair.

## AFTERNOON SITTING

The Standing Committee on Agriculture, Forestry and Rural Development having been duly called to meet at 3:30 o'clock p.m. this day, the following members were present: Messrs. Danforth, Gauthier, Hopkins, Jorgenson, Lavetière, McKinley, Moore (*Wetaskiwin*), Whelan.

*Also present:* Mr. Loney.

*In attendance:* From the Department of Agriculture: Mr. S. B. Williams Assistant Deputy Minister, Production and Marketing Branch and Chairman of the Agricultural Stabilization Board; Mr. Frank Payne, Chief, Merchandising Section, Poultry Division; Mr. J. S. Parker, Director General, Departmental Administration.

There being no quorum, by 4:10 o'clock p.m., the Chairman, Mr. Whelan postponed the meeting to another day.

Michael B. Kirby,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

TUESDAY, July 5, 1966.

● (9.55 a.m.)

Mr. CHAIRMAN: Gentlemen, we will start the meeting. We have with us this morning Mr. S. B. Williams, Assistant Deputy Minister, who also is in charge of production and marketing and chairman of the Agricultural Stabilization Board; Dr. Wells, Veterinary Director General; Dr. Hetherington, Director, Meat Inspection Division; Dr. Julius Frank, Acting Director, Animal Pathology Division, and Mr. Parker, Director General, Departmental Administration.

We were on meat inspection when we adjourned on Thursday so we will continue with that subject.

Mr. DANFORTH: Mr. Chairman, I have some questions to ask on meat inspection and meat inspection services. Are the actual meat inspection regulations under provincial or federal jurisdiction?

Dr. K. F. WELLS (*Veterinary Director General*): There are both federal and provincial meat inspection regulations. In the case of the federal regulations the Canada Meat Inspection Act and the regulations made thereunder require that no meat or meat food products may move interprovincially or for export without having been produced under the provisions of the Canada Meat Inspection Act or the regulations made thereunder. Some of the provinces do have a provincial Meat Inspection Act and regulations and they operate solely within the province and meats are not eligible for interprovincial or export movement.

Mr. DANFORTH: Dr. Wells, has it been the practice, as in other fields, for example, vegetable inspectors, for the federal meat inspectors to act on behalf of the province in regard to provincial regulations as well?

Mr. WELLS: No, this has not been the practice, with the exception that within the last six months an agreement has been concluded with the province of Manitoba whereby instead of the province of Manitoba establishing a provincial meat inspection system to take care of small meat slaughtering plants which are not under the Canada Meat Inspection Act an agreement has been reached with Manitoba whereby these will be brought under inspection; we in the federal meat inspection operation will carry out and do all of the provincial meat inspection in Manitoba and the province will reimburse the federal government for the cost of that service.

Mr. DANFORTH: This leads me to a further question I have along this line, Dr. Wells. It is my understanding that there has just very recently been a change in the meat inspection in Ontario; there was some publicity about that.



Can you explain whether this was formerly under federal jurisdiction and now has been taken over by the provincial jurisdiction? What is the status there?

Mr. WELLS: Well, there are a number of small plants in the province of Ontario, and in all provinces in fact, which do not come under the provisions of the Canada Meat Inspection Act. Now the Canada Meat Inspection Act requires that it be compulsory that any plant shipping any portion of its product interprovincially—that is, from the province of origin to any other province—must come under the total provisions of the Canada Meat Inspection Act. Also, any plant voluntarily wishing to come under the Canada Meat Inspection Act, even though they do not ship interprovincially, may do so. There are, in addition to that, a number of plants which are small and which do not voluntarily wish to come under the Canada Meat Inspection Act and do not ship interprovincially. So the province of Ontario then established a meat inspection system to take care of these plants; but there was no transfer of any duties, responsibilities or actions in so far as meat inspection is concerned. The Canada Meat Inspection Act still is the one drawback covering meat inspection throughout all of Canada.

Mr. DANFORTH: Well if I understand this correctly then, Dr. Wells, any change in Ontario that has taken place—and I am aware there has been a change just recently—conceivably could be because a small abattoir had requested inspection under the Canada Meat Inspection Act and now through the change to provincial regulations they would be subjected to inspection, by provincial inspectors. Am I correct in my assumption?

Mr. WELLS: If I understand your question, Mr. Danforth, I think the answer is no. Any plant seeking inspection under the Canada Meat Inspection Act may do so provided, of course, it meets the requirements of the regulations.

Mr. DANFORTH: Perhaps I could be more specific and give you a concrete example of what I am driving at. To my knowledge, there have been small abattoirs that have been under inspection and now they find that in Ontario there has been an abrupt change in inspection and they are subjected to a number of new provincial regulations. This is a change. Could they, conceivably, have been under federal inspection by their own request and now because of the new regulations in the province be under provincial inspection.

Mr. WELLS: No, not at all. The provincial regulations specifically exclude any plant operating under the Canada Meat Inspection Act. No plant operating under the Canada Meat Inspection Act has been required to leave it and come under the province.

Mr. DANFORTH: I am speaking of a plant that does not engage in inter-provincial movement.

Mr. WELLS: That is right; the same thing applies. No plant operating under the Canada Meat Inspection Act has been required to leave the provisions of that Act and operate under any provincial scheme. Now it might well be that some of the smaller plants were under municipal meat inspection authorities and these would be taken over under the provincial inspection system—some

municipal authority, but not under the Canada Meat Inspection Act. The provincial regulations exclude all plants operating under the Canada Meat Inspection Act.

In fact, sir, the net result of the provincial meat inspection system in Ontario, and some other provinces, has been that when plants have had to correct construction deficiency, equipment and general operation to the point of meeting provincial inspection they come to the conclusion that they may as well come under the Canada Meat Inspection Act and enjoy the privileges of the interprovincial trade. I think that the trend would be—and Dr. Hetherington will bear me out if this is correct—that plants would move from the provincial system into the federal system in order to enjoy the benefits of interprovincial and export trade.

Mr. DANFORTH: Well to your knowledge, Dr. Wells, is there a great deal of difference between the provincial regulations in Ontario and the federal regulations that are based on the knowledge of the unfortunate circumstances that we had a number of years ago in this regard? Are there any basic differences between the Ontario and provincial regulations that might force or be more advantageous to a small abattoir to request a Canadian inspection? In other words, are the Ontario regulations tougher than the Canada regulations?

Mr. WELLS: No; on the contrary, the actual process of inspection of the carcass and meat, I believe, is relatively the same. The physical requirements, construction and plant operation generally are perhaps a bit more stringent under the Canada Meat Inspection Act than under the Ontario system.

Mr. DANFORTH: Dr. Wells, I have received some representations from small abattoirs who have claimed that they have been classified as A-1 under previous inspection but feel that under the new regulations, where extensive modifications to their plant are made necessary, they would be forced out of business. Have there been any representations to the Canadian department in this regard?

Mr. WELLS: Not to my knowledge, sir, no. You are speaking with respect to modifications required by the Ontario provisions?

Mr. DANFORTH: By the new regulations, yes.

Mr. WELLS: Dr. Hetherington, have we had any?

Dr. C. K. HETHERINGTON (*Director, Meat Inspection Division*): No, I am not aware of any, Mr. Chairman.

Mr. DANFORTH: May I ask one further question, Mr. Chairman, and then I will pass. In regard to the meat inspector I am aware that due to a tremendous sudden demand for meat inspection of all kinds that the provincial department and, I assume, the federal department were hard put to provide adequate inspectors. Now may I ask the qualifications of meat inspectors; do they have to have a veterinarian degree or are there some special provisions for a man that is proficient or used to the handling of meat to take a course in this regard? What are the qualifications now of meat inspectors?

Mr. WELLS: We have two classes of inspectors, Mr. Chairman. First of all, we have the veterinary officer and in each packing plant where there is slaughtering of animals we must have at least one or more veterinarian depending upon the volume of the kill in the plant, in order that proper disposition can be made of disease conditions found on both ante-mortem and post mortem examination of each animal slaughtered.

The second class is the technician—what used to be known as the lay inspector whom we hire without any formal training; as a matter of fact we acquire people now with Grade 12 education and we train them on the job for the technician aspect of meat inspection or meat inspection assistance, as they used to be known as. We then have courses that we put on ourselves. Each summer we put on two six-week courses. In order that these technicians can become more proficient and gain promotion in the service in accordance with our needs they take these six-week courses each summer.

Mr. DANFORTH: I would take it then that these technicians would act under the direction of an accredited veterinarian?

Mr. WELLS: Yes, sir, that is correct.

Mr. DANFORTH: Are there any instances where they have to assume the full responsibility in small abattoirs or perhaps abattoirs which require inspection only to a very limited degree?

Mr. WELLS: Yes, they assume full responsibility only in meat processing plants where there is no slaughtering of animals and no decisions to be made with respect to disease conditions. The inspectors who have taken our six-week course and have qualified, of course, and are gradually promoted in the chain, can become an inspector in charge of a meat processing plant; that is a meat processing plant operating under the Canada Meat Inspection Act which buys meat only from slaughtering plants operating under the Canada Meat Inspection Act, and then takes those meats and processes them into other processed and cooked meats. Then it is a matter of maintaining the regulations from a sanitation point of view, from a quality point of view, from an ingredient point of view and our trained technicians, can and do that. In fact many of them are inspectors in charge of these processing plants.

Mr. DANFORTH: Dr. Wells, in these meat processing plants where such inspection takes place are these technicians capable of taking samples for bacteria checks and other technical aspects of it?

Mr. WELLS: Yes. They do not conduct the bacteria examination but oh, yes, they are capable and trained for that and, in fact, do take regularly samples of the meat products from the plants and these samples are then sent to one of the animal pathology laboratories where the actual examination is made.

Mr. DANFORTH: I have one last question, Mr. Chairman. I think Dr. Wells and the witnesses this morning are well aware of the problem we had, especially in Ontario, a few years ago. Is it your feeling that under the present regulations, both provincially and federally, it is now reasonable to assume that we could not have a repetition of what we had before?



Mr. WELLS: Just before I answer that I should have said, Mr. Danforth—Mr. Williams has just reminded me—that where we have processing plants with a technician in charge, of course, there is continuous or periodic supervision by a veterinarian officer.

Mr. DANFORTH: Yes, I appreciate that.

Mr. WELLS: Now, with respect to your other question, sir, I would think that the likelihood of actions on the rather broad scales which were uncovered a few years ago are reasonably unlikely to take place today.

Mr. DANFORTH: Thank you, Dr. Wells. I pass, Mr. Chairman.

Mr. RICARD: Dr. Wells, could you outline what is the role and the responsibility of the municipalities with regard to inspection of meat?

Mr. WELLS: Well, Mr. Ricard, the role of municipalities with regard to inspection of meat varies, of course, from province to province. In so far as the Canada Meat Inspection Act is concerned, the municipality has no involvement whatsoever. In some provinces meat inspection is left to the municipalities and in others, such as the province of Ontario and I believe now the province of Quebec, the municipality is gradually being phased out of meat inspection and it is those plants which do not operate under the Canada Meat Inspection Act that are coming under provincial regulations.

Mr. RICARD: Is it not possible with the new arrangement to give to the public a better grade of inspection, is it not?

Mr. WELLS: Yes, it is, sir.

Mr. RICARD: Thank you.

Mr. NOBLE: Mr. Chairman, since our last meeting I have had correspondence from a supplier of food for meat branches and I am advised that they were allowed to use condemned birds up until this restriction was put on. They are inquiring why they cannot use these condemned birds because they understand that they are only birds that die in the crates being shipped in to the processing plants, and I am wondering if Dr. Wells could enlighten us on this matter.

Mr. WELLS: It would depend, of course, Mr. Chairman, with respect to Mr. Noble's question, whether the birds were coming from a processing plant or a poultry plant operating under the provisions of the Canada Meat Inspection Act. All condemned animals, birds or material from any plant operating under the Canada Meat Inspection Act must be rendered and cooked to make it safe from a disease producing organism point of view before it can leave the plant. All condemned material is put into cookers under the supervision of an inspector to assure both ourselves and the public that absolutely no condemned meat leaves an inspected plant except in a condition which is safe. Now this also includes animals and birds which die en route to the packing plant. Now we under the Canada Meat Inspection Act certainly have never permitted the removal of any condemned material for the feeding of any livestock because this in fact might well and could well be perpetuating disease conditions which we are attempting to eliminate. Now if it were from a plant not under inspection then we would not know of sir.

Mr. NOBLE: Mr. Chairman, could I ask Dr. Wells this question. Have these restrictions been put on since the trouble was brought to the attention of the health authorities that horse meat was being processed and sold for human food? As you know, there was quite an investigation at that time. I am wondering if this food that was available to the ranchers previously is now being used in some other way, perhaps, as you say, cooked and sold possibly to the dog and cat food people. I do not know how they dispose of them.

Mr. WELLS: No, there has been no change in that respect under the regulations of the Canada Meat Inspection Act. Since the inception of the Act one of the early concepts of the Canada Meat Inspection Act in 1909 included the fact that no condemned material could leave the plant unless it had been previously cooked in some manner under supervision.

Mr. NOBLE: Well, Mr. Chairman, I am wondering how this food has been available to these people or these suppliers. I do not know when this restriction was put on that they would not allow them to take these whole birds away from the plant, but they did use them at one time.

Mr. WELLS: Yes. Well there were two things; it may not have been an inspected plant, Mr. Noble, and it might be, as Mr. Danforth has brought out, that the new Ontario meat inspection regulations had eliminated this source by virtue of requiring them to be cooked from plants which had been brought under the Ontario meat inspection system.

Mr. NOBLE: That could be the answer. Thank you.

Mr. FORBES: I have a supplementary question. Is it possible that these people could get these birds from the rendering plant before they were rendered?

Mr. WELLS: No, the meat inspection regulations provide that condemned material must either be cooked and rendered in the establishment in which they are uncovered or they can be moved to an approved renderer for rendering under supervision; but here again they are shipped under controlled conditions to any approved renderer and rendered there under supervision. In other words, our inspectors actually see condemned material in all cases go into the rendering tank.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. Wells, I would assume that your meat inspection branch is taking all the necessary precautions with regard to the various foreign meats which will be brought in in 1967 for Expo purposes?

Mr. WELLS: Yes, Mr. Watson. The Canada Meat Inspection Act again provides, of course, that only meats can be brought into Canada from countries in which there is a national system of meat inspection in the country of origin and that national system of meat inspection is considered to be roughly equivalent to our own. Now the provisions of the Act and regulations in the foreign countries are examined and, where possible, the actual system is examined by an officer visiting the country, but this is not possible as often as we would like. So that in the first place, meats coming into the country

generally must only come from a country with a satisfactory national system of meat inspection. The second provision of control is that no uncooked meat—that is, no meat except those cooked, canned can come to this country from any country where foot and mouth disease, rinderpest or any of the serious epizootic diseases exist. Now with respect to Expo '67 some of the exhibiting countries are having national restaurants for which they need meats peculiar to their own nationalities for their restaurants. Under these circumstances we made arrangements with Expo '67 that some of these meats may be brought in under strict control, kept in refrigeration under our meat inspection control, moved to the restaurant under our control, and all refuse, meat scraps and garbage from Expo '67 will again be under the control of our officers at Expo '67 to ensure that they will all be delivered from Expo '67 directly to an incinerator and burned.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Thank you very much.

Mr. MACDONALD (*Prince*): Have you made any estimate as to what this will cost to give this additional service?

Mr. WELLS: To Expo '67? Well, you see it will be tied up, of course, with the general operation of Expo '67. As an example there are animals being exhibited at Expo '67 and because of the hundreds of thousands of foreign visitors to the Exposition we must maintain a veterinary officer on the site to make certain that the animals which are exhibited are well protected in so far as disease exposure is concerned. In addition to the veterinarian we will have technicians there operating under the veterinarian to control the removal and disposal of garbage and to be sure that it is incinerated.

Now this in itself is not a new venture, of course, because all foreign meats—in fact all meats coming in on foreign ships arriving in Canada, foreign aircraft arriving in Canada, are all disposed of; all the garbage from ships in all of the ports will be disposed of under supervision of our officers and incinerated; every foreign aircraft arriving in Canada, all unused meals and foreign meats that are ready for consumption are disposed of under supervision in order to prevent the introduction of disease. So the operation of Expo is merely an extension of a normal operation which we carry on on a day to day basis. As an example, when the trains with immigrants arrive in Fort Erie from New York, the baggage of all of these people is examined at Fort Erie, as it is at every other entry port of people from foreign lands, and foreign meats are removed from their baggage. One Saturday morning three weeks ago, there was 70 pounds of foreign meat removed from one group of immigrants coming in. Now these foreign meats, of course, are potential disease carriers. So the Expo operation is merely an extension of a day to day operation examining all people coming to Canada from countries where serious epizootic diseases exist to make sure that no foreign meats are in fact introduced into the country which could set up centres of disease.

Mr. MACDONALD (*Prince*): Are people notified in advance? For instance, these people who brought 70 pounds of meat in did they have notification in advance that they would be not permitted to do so?



Mr. WELLS: Yes; all prospective immigrants are advised in their country of origin through their immigration services that meats must not be brought to Canada.

Mr. MACDONALD (*Prince*): With respect to this Expo, it sounds to me like you are contemplating additional staff requirements with regard to this pretty extensive supervision.

Mr. WELLS: Yes, certainly; this is additional work and there is no question about that in itself. But, as I say, it is merely an extension to include Expo, of normal activity. Now, yes, it will require I would think probably five to six people on the Expo operation for the full six months.

The CHAIRMAN: Are there any further questions?

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Will these men that you will be using for Expo be taken out of the field elsewhere?

Mr. WELLS: Well, Mr. Williams just reminded me that we do not have the full extent of the plans yet from Expo as to how many of the countries exhibiting in fact intend to have national restaurants. These people will be augmented from our normal staff and some additional, of course, will be brought on; and then following completion of Expo they will simply be absorbed back into the normal system. This is a continually expanding operation anyway because of the increase of feeding collected garbage to swine which, of course, again is all under supervision and licensed garbage feeders, again to assure against the introduction of disease.

Mr. SCHREYER: I have a supplementary, Dr. Wells. Did I understand you to say that the meat imported into the Expo site for use in these national restaurants, will be subjected to exactly the same kind of inspection procedure as normal imports?

Mr. WELLS: No. They are being given consideration because of the need to produce these national meats, but the extent to which this is going to be involved we are not yet aware; it is not likely to involve very many of the exhibitors.

The CHAIRMAN: Are there any further questions on meat inspection?

Mr. PETERS: I have a question arising out of this meat situation; the meats we have in delicatessens are not all Canadian meats, are they?

Mr. WELLS: Do you mean that are sold throughout Canada?

Mr. PETERS: Sold in delicatessens.

Mr. WELLS: Well those of them which are not Canadian meats are brought into this country either cooked, canned and from a country in which the meat inspection system has been approved.

Mr. PETERS: Well, some of it would be cured meat.

Mr. WELLS: The cured meats are not permitted entry unless they are cooked canned. You see the cooking and the canning is our assurance that the meat has been processed to the point that it will not introduce animal disease.

Mr. PETERS: Let us take Italian delicatessens where they bring in their own meat; are they not permitted to do this?

Mr. WELLS: No, they cannot. Dr. Hetherington can correct me if I am wrong—as a matter of fact I know it to be the case—but the so-called delicatessen group of meat cannot be brought to this country from Italy unless they have been cooked in a can.

Mr. PETERS: They are cheating, then, because they have stamps on them. The public are being hoodwinked then because we buy them as such.

Mr. WELLS: We would be interested in seeing some of the labels on these meats; it might well be that they are Italian style, which does not necessarily mean that they come from Italy.

Mr. PETERS: They sell them at a premium price, I think, and then people just assume that.

The CHAIRMAN: Well, I know that they have Polish sausage and all that it is practically all made in Canada. Pepperoni—and all that sort of thing you get here are made in some factory or meat processing plant in Canada.

Mr. DANFORTH: Mr. Chairman, I have one further question of more or less a general nature. I know that there is quite a bit of uneasiness generated in the country—in all countries, I think right now—over the fact that more and more chemicals are being used in more and more forms for the production of all types of crops. There is much concern over chemical residue in the soil. There is much concern over such new chemicals as are developed by atomic explosions. We hear of strontium 90 and radioactive fall-out; we hear of chemical residues in forage and various feeds that cattle are being subjected to and all sorts of livestock. I think there is no doubt in everyone's mind that this is not only going to be a continuing practice in countries going into intensive agriculture but it is going to be an ever increasing practice. Chemicals are more or less just in their infancy. Can you, Dr. Wells, or Mr. Williams, give this Committee any information as to what regard the Department of Agriculture has in this development and what methods are available to cope with this situation? Is it being left entirely to the food and drug directorate or what methods are being considered or evolved in this regard?

Why I ask this question, Mr. Chairman, is perhaps this is an area where the Committee can make very valuable recommendations to the government. If we have some basic knowledge as to what the department is capable of now and how serious this situation is, the Committee would have some basis then for working on this very particular and important problem.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Production and Marketing, and Chairman of the Agricultural Stabilization Board*): I think there are two rather separate and distinct problems here. One is the chemicals that are used agriculturally for the production of crops or the production of animals. The second one, which is more germane to the subject with which we are dealing at the present moment, is the chemicals that are used as additives in the preservation or treatment or processing of meats and other foods.

In respect to the first problem, and I must generalize here, the department has responsibility for the registration of agricultural chemicals. In exercising this authority the department assures itself that (1), the chemical is safe if used

as directed, and (2), that it is efficacious, that it will do the job which is claimed for it. In other words, we do not insist that it is the best possible chemical for the job; this is not considered to be the department's function. If a manufacturer claims that it will kill so many mosquitoes per square foot as long as it kills that many mosquitoes per square foot we accept that as the claim. In exercising this authority two approaches are used: First of all we require the manufacturer to submit detailed evidence of actual work that has been conducted with this chemical in order to prove these two points. In addition to that the department both in its production and marketing branch and in its research branch conducts work both on the safety and the efficacy.

The safety aspects of it from the human standpoint are largely the responsibility of food and drug, and there the department works in very close co-operation with the food and drug directorate of the Department of National Health and Welfare.

In so far as chemical additives—used additives—if I could use that term loosely—used in food processing are concerned, various chemicals are screened on a joint responsibility basis by the health of animals branch and by the food and drug directorate of the Department of Health and Welfare. The responsibility in respect of human food for detecting whether there are residues in excess of tolerance in human food lies not with the Department of Agriculture but with the Department of Health and Welfare. The responsibility for determining whether there are residues in feed—that is to say animal feed—that might create residues in the final product in excess of tolerance lies with the Department of Agriculture.

Mr. DANFORTH: If I might, Mr. Chairman, with your permission, develop this theme a little further. In most instances in work of this nature it entails very delicate and fine laboratory analysis. Now we speak of the three different departments: food and drug, health and welfare and the Department of Agriculture. Are these three distinct laboratory establishments when you speak of testing?

Mr. WILLIAMS: They are distinct physically, yes, other than the one point, of course, that food and drug is a branch of the Department of Health and Welfare. In other words food and drug and health and welfare are synonymous so far as this is concerned.

Mr. DANFORTH: But in any particular area they would be three separate and distinct laboratories?

Mr. WILLIAMS: They would be three in all probability, but the third one, in all probability, would be a provincial one. There would be the Department of Agriculture, the Department of Health and Welfare, and provincial. Incidentally, some of the provincial ones are subsidized by the Department of Health and Welfare. In all cases these laboratories work in very close co-operation; they use referee samples and things of this nature to insure that the result they obtain across the piece are similar. Now I think that I must point out that there is a considerable difference between the method that is used to determine, we



will say, the content of some pesticide in, let us say, a forage crop, and the method that would be used in determining the butterfat of milk. So they do have a separate and distinct function in that they are quite different approaches to the actual determination of the chemical under study.

Mr. DANFORTH: Mr. Williams, in your explanation, which I wish to thank you for—and was quite detailed—there was one weakness that I detected which I am sure causes concern to members of the Committee. In the application of the chemicals, the weakness as I see it is in the statement “if used as directed”. I think this is the field where we get into trouble. There are still individuals that feel that if one will kill two will kill twice as fast and twice as good. This is what bothers me. What protection has the consumer against this type of application of the chemical?

Mr. WILLIAMS: The protection lies in the operation of the food and drug inspectorate in that they are constantly sampling food supplies across this country. They sample them on a bulk basis to start with and if any residues which are beyond tolerances are detected they immediately start breaking down their sampling.

Mr. DANFORTH: Well is there some yardstick they use? Do they have definite ideas of all the chemicals that could cause damage to humans and do they run the whole gamut of tests when they take these bulk samplings, or detailed samplings? What is the procedure?

Mr. WILLIAMS: I am afraid I could not answer that question, Mr. Danforth, but my understanding is, and this is solely my understanding, that it would depend upon the history of the crop what chemical they were seeking. They would look for information as to what the person had done with his crop, or what was common practice to do with the crop, but I cannot answer that in detail, I am afraid.

Mr. SCHREYER: I think this is a fair question to put to Mr. Williams. Is it our considered opinion that the problem under discussion is one which is well in hand or is one with which the department has to strive mightily in order to provide a minimum of protection. I realize this is an area of assessment and judgment.

Mr. WILLIAMS: Once again I can only give my personal opinion on this matter. My personal opinion is that we do have to strive mightily but we are well ahead of the problem. We have to strive very hard to keep ahead of the problem and I do not believe, by any stretch of the imagination, that just minimum protection is being provided to the Canadian public.

The CHAIRMAN: Would you say, then, Mr. Williams, that the Canadian public is receiving probably the best protection in the history of human consumption than they ever did?

Mr. WILLIAMS: I am not too sure that their protection is any better than when everybody grew their own garden, ate their own vegetables and knew exactly what happened to them, but I would think that in general the protection that consumers receive in Canada is comparable to that received in any country in the world and a great deal better than many.

The CHAIRMAN: Mr. Moore has a supplementary and I bypassed him once.

Mr. MOORE (*Wetaskiwin*): I wonder if the Committee could have some information in respect to insect control on dairy cattle. This is a special problem and I understand it passes through the milk, Dr. Wells.

Mr. WELLS: Again, Mr. Moore, this comes under the Pest Control Product Act and all pest control products used on dairy cattle are, of course, cleared through the provisions of that act before they are permitted to be authorized for use. Again, if used in accordance with the directions there should be no residue.

Mr. MOORE (*Wetaskiwin*): Well the reason I asked this question was that I think most dairymen have had this experience; I know I have. Of course there are many different pests that need controlling, for instance heel flies, lice and so on, and it is almost impossible to find a product on the market today that will be guaranteed safe to use on dairy cattle. It is fine for beef cattle; they have many methods of control, but I have never yet been able to find a product that is effective and guaranteed to do the job the same as it will on beef cattle for the simple reason that it is assimilated into the milk almost immediately. That is what concerns me.

Mr. WILLIAMS: I think this is a problem on which I spoke earlier, the question of our people having to balance efficacy and safety, and here is a perfect example where the use of the most efficacious agent is not approved because of safety reasons. I understand, however, sir, that the major problem is not material that is metabolized by the animal and later excreted in the milk; it is incidental contamination, applied to the udder, happens to fall into milk lines, containers and things of that nature rather than systemic.

Mr. MOORE (*Wetaskiwin*): Well, to be specific is there any method outside of powder applications directly to the infected area to control warble flies?

Dr. JULIUS FRANK (*Acting Director, Animal Pathology Division*): Derris powder is one that you can use on dairy cattle. It is not as effective, of course as the others, but there again, as Mr. Williams says, you have to balance the safety with the efficacy.

Mr. MOORE (*Wetaskiwin*): Is it in the form of a spray, Dr. Frank?

Mr. FRANK: No, it has to be scrubbed in, really.

Mr. MOORE (*Wetaskiwin*): At the proper period of the year?

Mr. FRANK: Yes.

Mr. MOORE (*Wetaskiwin*): And during the proper phase of development?

Mr. FRANK: The development of the grubs, yes.

Mr. PETERS: As Dr. Williams said, having one's own garden is the greatest safety factor.

The CHAIRMAN: He said in past history it was; he did not say it was today.

Mr. PETERS: We are importing a lot of garden produce in particular from the United States now and they always seem to be about six jumps ahead of us in developing new pesticides and insecticides, and even growth additives. What

is their technical advancement in terms of detection? Are they superior to ours? Do they use the same degree of restraint in inspection as we do?

Mr. WILLIAMS: I think I would have to say that the degree of control north and south of the border of agricultural chemicals is essentially parallel.

Mr. PETERS: I have a supplementary question along the line Mr. Moore was following. What are we doing in terms of protection against such simple things as penicillin in milk? Most farmers administer penicillin themselves and they do it fairly indiscriminately; it is a very cheap product and yet penicillin is a very fatal commodity for human consumption to a very limited number of people. How do we control the degree of this? This produces a great deal of residue; it is normally good for you but for some people it can be fatal. Is there a way that this can be labelled or protection provided for those that react acutely to penicillin or other drugs of that nature?

Mr. WELLS: Penicillin in the antibiotic field generally is used in dairy cattle of course for mastitis if it is existent in the herd and in these cases milk from mastitis infected udders would not be put into the general milk stream because the milk would be condemned from the visual examination of the mastitis milk.

The antibiotics are not used, of course, for mastitis except where there is evidence of the infection. Where they are used the requirement is that the milk shall not be put into the milk stream for 72 hours following use of the penicillin. Now this works in conjunction with, of course, cleaning up the milk itself.

Mr. PETERS: Does this show in the bacteria coli count?

Mr. WELLS: Yes. But it also shows physically in mastitis milk. No dairyman would put mastitis milk in because it would show when the milk was being examined in the dairy.

Mr. MOORE (*Wetaskiwin*): I have a supplementary on the same subject, Mr. Chairman. We are warned as milk shippers that we are subject to prosecution if any residue of antibiotic is found in the milk and, if mastitis milk was put on the street for human consumption this would raise your bacteria count, in some cases, abnormally high and, of course, this is something that every dairyman is fighting against all the time. As most members of the Committee know, there is no set date for taking samples for a bacteria count, and, therefore, a dairyman must at all times try to prevent his count rising. Is that not right?

Mr. WELLS: Yes.

Mr. MOORE (*Wetaskiwin*): So on both counts there is not much danger any more of getting too many antibiotics in milk because if they are found there, in the first place, you are warned by letter that you are subject to prosecution. This is something rather recent in our part of the country; I do not know how long it has been in operation in other parts.

Mr. PETERS: I have an additional supplementary question. I am thinking not only of this kind of milk but the immunized milk that is being used in the States and some of it is being brought into Canada from the states, and there may be some being produced now by some of the dairies. There are other



cultures being used on milk for specific purposes. Is it fairly simple in a lab to detect all these agents? It is a fairly complex problem for a general lab. It would take a fairly elaborate set-up to detect these.

The CHAIRMAN: I just wanted to point out one thing to the Committee. We are discussing meat inspection and we were discussing the possible effects of insecticides and so on in meat products. We seem to be on milk products at the present time and I would appreciate it very much if we stayed within our subject. Mr. MacDonald is next.

Mr. MACDONALD (*Prince*): Mr. Chairman, I would like to ask a question about earlier comments made with regard to not only the effect of insecticides and what have you on the health of animals but on plants as well. We have the problem that seems to recur from time to time of the supposed effect of atomic fall-out and this whole business of strontium 90 and what have you, and with recent atomic tests people become again more concerned with this. Who actually has the supervision or makes the tests with regard to the amount of fall-out that may occur, or its effects?

We are told of strontium 90 in the bone marrow and what have you. Is this the responsibility of your department or of the Department of Health and Welfare?

Mr. WILLIAMS: The responsibility is the radiology section of the Department of National Health and Welfare. However, departmental people co-operate very closely with these workers in the collection of samples. Health of animals people collect meat and bone samples; our dairy people collect dairy samples and meat samples are taken; all different kinds of samples are collected by different people in the department and are sent in a regular pattern of analysis of the problem right across the country at all times.

Mr. MACDONALD (*Prince*): Would the actual determination of the radiation factor in the meat of animals be determined not by your department but by the health and welfare people?

Mr. WILLIAMS: The actual laboratory determination is done by health and welfare.

The CHAIRMAN: Mr. Forbes, did you have a question?

Mr. FORBES: Yes. Have there been any instances where your department has required the withdrawal of a chemical or insecticide because it did not produce the results claimed by the manufacturer?

Mr. WILLIAMS: Do you mean has withdrawn registration?

Mr. FORBES: Have you ever requested the withdrawal of chemicals and so on from the market because they did not produce the results claimed by the manufacturer?

Mr. WILLIAMS: This would not be the procedure followed. The procedure followed would be that we would withdraw the registration and then the sale of it would become illegal.

Mr. HOPKINS: We have the situation today, Mr. Chairman, where subdivisions are moving out farther into the country and hence border the farming

areas. In one particular area I know of some of these subdivisions are centered near low-lying land, which involves swamps, creeks and pasture land for neighbouring cattle. Suppose these subdivisions were sprayed consistently, say, by a typha-type machine for mosquitoes; does this affect the health of the animals if the insecticide gets into the swamp, the water system and so on?

Mr. WILLIAMS: Dr. Wells informs me we have no record of this. I think there is a potential possibility of this happening. It would depend almost entirely upon the type of insecticide used. In general fogging machines use a short life type chemical, a knock down type chemical that has very little residual effect. This being the case the possibility of any build-up of contamination in adjacent areas through that type of application is unlikely. The type of application that results in build-up is the type that is applied directly to the material in question and is applied because of a long life residue effect that it has in that it will carry over and kill insects for some time. In general this other type of application is not of that nature.

Mr. HOPKINS: This would be, say, a twice weekly spray in the area.

Mr. WILLIAMS: Without knowing the actual nature of the chemicals used I do not think I could answer the question. I would be glad, though, to have someone from the department look into the question and get in touch with you immediately to see whether or not there is a possibility of this happening with the particular chemicals in use.

Mr. MOORE (*Wetaskiwin*): In our area they spray the sloughs where the mosquito larvae is before the mosquitoes hatch; I am not too sure what is used but I have watched the spraying, even in my own pasture, and they spray the sloughs rather than any other area—not the pasture itself, and it has been very effective.

Mr. PETERS: Mr. Chairman, I would like to refer to a question this afternoon concerning strontium 90. The answer given was that the Department of Health and Welfare does the investigation. What is the method of reporting between the two departments which would result in the withdrawal of a product that is being contaminated? What machinery is there between the two departments for this purpose? In other words, if a sample comes in from the Department of Agriculture to the Department of Health and Welfare contaminated with either strontium 90 or whatever the chemical may be, what is the machinery for withdrawal to protect the public? Who does this policing?

Mr. WILLIAMS: In general it is a joint operation. The order, in all probability, will be issued by the Department of Health and Welfare placing the product under detention, but the order possibly might be executed by a Department of Agriculture official, if he was the one who had collected the sample, for example, and was the man right on the spot that knew the actual product or the segment of the product from which the sample was taken.

Mr. PETERS: Does this happen occasionally?

Mr. WILLIAMS: Yes. In the case, Mr. Peters, of the packing plants operating under the Canada Meat Inspection Act we are the enforcement agent and we

work very closely with them; whether we uncover the contamination or whether food and drug uncover the contamination in so far as the Canada Meat Inspection operation of packing plants operating under that act, we simply enforce it and the product would be condemned.

Mr. PETERS: Well is this operated closely enough to the end product to really supply that kind of control? Take for example, bone samples, and we will use strontium 90—it is not a good example but I am not too familiar with some of the others where chemical names are involved; if the tolerance were beyond the limit would you have control of the product soon enough to take it off the market, or would this be a restriction on additional sales from that area?

Mr. WILLIAMS: Well it would depend entirely upon the circumstances. Again, if the bone meal were being produced in a plant under inspection the probability is that we would have control of it soon enough.

Mr. PETERS: If it were commercial meat it probably would not. If the bone was from a meat animal it probably would not be.

Mr. WILLIAMS: Yes, if it were produced in a plant under the Canada Meat Inspection Act.

Mr. PETERS: Well, would it be a matter of days?

Mr. WILLIAMS: I think that I must make one point here, that there is a very large safety factor built into their tolerances.

Their tolerance, in general, says something like this: That if a person continued to inject this material for lengthy periods at levels above the tolerance he could be in trouble, so one or two samples not being intercepted would not in itself constitute a hazard. In other words the tolerance is set to make allowance for this factor. Of course, as Dr. Wells points out, in most diets there is a very great dilution factor as well; one seldom eats straight meat for any length of time or drinks straight milk—infants, of course do this but in general there is quite a dilution factor.

Mr. NOBLE: Mr. Chairman, I have a related question. We have been informed of all the precautions taken in respect of human tolerances of various adulterations. To your knowledge, Dr. Wells, has any product been ordered off the market because of their diverse effects detected by the researchers?

Mr. WELLS: I could answer part of that question at least. There certainly has been quite large quantities of different products from time to time ordered off the market or ordered destroyed because they contained various chemicals or one or more chemicals in amounts above tolerance.

Mr. NOBLE: I would like to follow that up with this question. How do you arrive at what is the tolerance level, especially when there is a possibility of an accumulation of such residue to a point of trouble over a period of time?

The CHAIRMAN: Well I take it, Mr. Noble, again this would be a food and drug responsibility so far as that goes.

Mr. WELLS: Well, as an example, and I think Mr. Noble is aware of the example, we had a situation not too long ago where our meat inspectors in one plant suspected by post mortem examination of a group of swine that they



had been fed diethylstilbestrol which was discussed fully the other day. In this case samples of the swine were held in the plant, samples were taken and the meat inspector's suspicion proved out to be true and, of course, the total group of swine involved were all condemned. This is the way the thing worked.

Mr. NOBLE: And what happens to the product in this case? Is the producer the loser or what happens here?

Mr. WILLIAMS: This would depend entirely upon the method of purchase. Under some methods of purchase—we are talking now in respect of live stock—the packer buys subject to condemnation. If it is bought subject to condemnation the producer is the loser; if he does not buy subject to condemnation the packer is the loser.

Mr. FORBES: Most packers have a way to compensate the producer for losses due to matters such as you mentioned.

Mr. WELLS: Not now, Mr. Forbes, there used to be that system of condemnation insurance for all animals slaughtered in most of the large centres throughout Canada, but this has disappeared.

Mr. FORBES: You mean this has been withdrawn? If so, how long ago, three or four years?

Mr. WELLS: Oh, I would think five or six years. It was withdrawn at the request of the producers themselves.

Mr. FORBES: I have one more short question if I may. I note on page 3 of your report here it says, that the demand for meat inspection services has been growing rapidly to the point that it is estimated 80 per cent of all meat and meat products produced in Canada are put under the Canada Meat Inspection Act. Now what about the other 20 per cent?

Mr. WELLS: Well, as I explained earlier, Mr. Forbes, the other 20 per cent are plants which do not operate on an interprovincial or export basis. In other words, their product is sold solely within one province and in this case then the provincial meat inspection system, in those provinces which have it, or in the case of Manitoba where we do it for them, would pick up these products. As an example, in the fiscal year 1963-64 we had 274 actual meat establishments operating under inspection. In 1964-65 this had risen to 294 and in 1965-66 this number had risen to 327. Approved cold storages which are storages approved under the Canada Meat Inspection Act for the storage of meats in order to maintain our identity which has been produced under the Canada Meat Inspection Act have gone up from 152 in 1963-64 to 164 at the end of the fiscal year 1964-65 and up to 170 at the end of 1965-66. The approved inedible rendering plants, which we spoke of earlier, have risen from 10 in 1963-64 to 13 at the end of the 1964-65 fiscal year, and are not up to 17 at the end of 1965-66 fiscal year, and are continuing to go up. So that for the remainder of those meats which are sold within a province and not under jurisdiction of the Canada Meat Inspection Act, normally provincial meat inspection systems, where they have them, would pick them up.

The CHAIRMAN: Mr. Noble, are you through with your line of questioning?

Mr. NOBLE: The only thing that is bothering me is I am still worried about this stilbestrol business and, I believe, Mr. Chairman, that the subcommittee was to bring in some recommendation this morning, were they not? Do you have this recommendation?

The CHAIRMAN: No, we did not really meet yesterday and we did not arrange a meeting; but you can rest assured that we fully intend to bring in a report to the Committee in the very near future, as soon as we can arrange a meeting. I hope that is today.

Mr. NOBLE: Of course, this incident is related to the hogs, and this morning is another example that action should be taken. I do not think we should hesitate too long about doing something.

The CHAIRMAN: I hope that I did not intimate the other day that we would have the committee's report. I noticed the press reported that we were going to have a subcommittee report for today but my suggestion, as chairman, was that the subcommittee would bring in a report along with all the other recommendations that we hope to bring in for the Committee before we present our report back to the House. We have been doing quite a bit of work on this and I would hope that this will be satisfactory.

Mr. McKINLEY: Mr. Chairman, I have often wondered in poultry processing plants, especially broiler plants, what the main reasons are what birds do not pass inspection and are condemned?

Dr. C. K. HETHERINGTON (*Director, Meat Inspection Division*): Well, Mr. Chairman, there are many reasons and possibly a dozen in all. We have tabulated possibly ten of the most common reasons for condemnation of chicken and fowl, turkeys and then in other poultry. As an example, what chicken and fowl there were 36,995 condemned for bruising. Emaciation is another one, and the percentage is 0.3. Imperfect bleeding .70; leukosis .5 per cent; pericarditis .03 per cent; peritonitis .04 per cent; septicemia .2 per cent; tuberculosis .0 per cent, and then other causes 1.5 per cent. Those are the main causes, but not all of them by any means.

Mr. McKINLEY: The ones that are condemned for leukosis, is this mostly skin leukosis?

Mr. HETHERINGTON: This would vary from area to area in Canada.

Mr. McKINLEY: I am speaking of particular broilers?

Mr. HETHERINGTON: Yes, it still varies by area in respect to skin leukosis. You will get certain flocks with a high percentage of skin leukosis and then there is the other is the visceral form. There really is no set pattern in respect to skin leukosis; I wish there was because it would be easier for us.

Mr. McKINLEY: What areas would you consider would be the worst in Canada?

Mr. HETHERINGTON: In respect to skin leukosis?

Mr. McKINLEY: That is right.

Mr. HETHERINGTON: Well leukosis is most prevalent in Ontario and Quebec and it is now making its presence felt in British Columbia.

Mr. NOBLE: Mr. Hetherington, I did not get the figure of bruised birds here; what was the percentage?

Mr. HETHERINGTON: It is .03 per cent.

Mr. NOBLE: Of total slaughter.

Mr. WILLIAMS: This is not a percentage of combinations. This is of total slaughter.

Mr. NOBLE: I am wondering what percentage of condemned birds would be bruised birds.

Mr. WELLS: It is .03 as against the total kill and 1.2 per cent of the total condemnation.

Mr. MCKINLEY: Is there any restitution made to any of the producers because of any of these birds being condemned?

Mr. WELLS: This again, as Mr. Williams pointed out, is dependent entirely upon the purchase arrangements by the slaughtering plant.

Mr. MCKINLEY: Some of them allow up to 1 per cent and they absorb that loss themselves.

The CHAIRMAN: Are there any further questions on meat inspection?

Mr. MCKINLEY: What percentage of the plants, say in Canada, are under compulsory inspection?

Mr. WELLS: We would not have the exact figures, Mr. Chairman, of the percentage of poultry slaughtering plants which are under the Canada Meat Inspection Act, but poultry slaughtering plants generally are under inspection. Mr. Hetherington has just indicated that of the actual poultry slaughtered in Canada about 90 per cent of them are under the Canada Meat Inspection Act.

Mr. MCKINLEY: And is this because of their own desire to do so?

Mr. WILLIAMS: It is because either of their own desire or the fact that they must move their product on an interprovincial basis for economic reasons?

The CHAIRMAN: Are there any further questions on meat inspection.

Mr. NOBLE: I would like to ask one supplementary question. I am wondering if they have any figures on the number of birds that would be condemned because they were dead when they arrive at the plant? These are the ones I spoke of a while ago that could have been smothered in the shipment and the ones that we are interested in in our industry.

Mr. WELLS: I think, Mr. Chairman, we can get those figures, but we do not have them here. They are included amongst other causes condemnation in the general table.

The CHAIRMAN: But you could break it down?

Mr. WELLS: Yes, they could be broken down for the Committee.

Mr. MCKINLEY: These birds would not be examined to find out the particular cause?

Mr. WELLS: No, they are not subject to post mortem. In many cases it is suffocation.



Mr. NOBLE: Mr. Chairman, I would just like to make one further remark. In the meat industry we would like to use these bruised birds and these birds that are smothered. If there is any possibility of making them available it could amount to quite a few tons of feed.

The CHAIRMAN: Thank you, Mr. Noble. Are there no further questions on meat inspection? There have been a lot of questions asked pertaining to the animal pathology division. If anyone has any further questions on this now is the time.

Mr. MCKINLEY: I would just like to ask Dr. Wells how extensive their work is in trying to eradicate this leukosis complex; it is the biggest problem in the poultry industry today.

Mr. WELLS: May I ask Dr. Frank of the Animal Pathology Division, Mr. Chairman, to answer that question?

Mr. FRANK: We have several groups who do research on this condition. One group at Lethbridge is doing basic work which we feel is essential to make any progress in this disease because, as you know, many people have worked on this disease for many years and really there has been very little on a practical basis that could be applied. At the A.D.R.I. in Hull we have another group working on this disease who are working in co-operation with the geneticists at the research branch and they are trying to determine means of developing genetic resistance to this disease.

Now in addition, a group at the A.B.R.I. are working on means of developing serological tests for identifying the disease. In effect, I think we can say we have more people working on this group of diseases—and I say group of diseases because there is debate on whether leukosis is one disease or a number of diseases—than on any other disease. Now we have a few other projects. There are two projects in British Columbia which are being run in co-operation with the B. C. department. One is to determine how the disease is spread and another, along the same line, whether it is spread through the egg. So, in effect we are doing a fair bit on leukosis.

Mr. MCKINLEY: How would you assess your headway in the last five years?

Mr. FRANK: Well in the basic part of the work I think we have made rather a good contribution at Lethbridge in that we have shown the aspect of disease. If I can go back, that they are working on at Lethbridge is a blood cancer type of leukosis known as erythroblastosis, and they have shown there the stage in the development of the blood cell where the virus is having an effect. This has been a contribution of the Lethbridge group. The group at A.D.R.I. have not progressed very far in their work; they only started about a year ago. But we think we have got to the stage where we have developed this so-called RIF test so that we could test birds to see if they have this type of virus in them.

Mr. MCKINLEY: At any time?

Mr. FRANK: Yes, whether they are carrying it. Leukosis is a very difficult problem and we do not expect to solve it in the next year or two.

Mr. MCKINLEY: Do you believe that there is any relationship between leukosis in poultry and cancer in people?

Mr. FRANK: Well, I would not say there is a relationship. Some of the forms of leukosis are a form of cancer. Now as you know cancer is no one thing; it is a great variety of diseases that are grouped together. Some of them have been shown to be caused by viruses, others are not; that is the best way I can answer that.

Mr. MCKINLEY: Now we know that many commercial breeding firms are working on this problem as well. Are you co-operating with these people in any research that you do that might be of use to them?

Mr. FRANK: We keep in close touch with them. The people working on leukosis are a fairly closely knit group and there was a meeting, for instance, in Atlanta, Georgia, just this past winter, and our people were down. We correspond with them and visit back and forth. We are not working directly with commercial organizations, to answer your question; we keep in touch with them.

Mr. MCKINLEY: You do not see in the immediate future any vaccine or anything other than breeding resistance?

Mr. FRANK: Breeding resistance is one and the other thing we have off in the distance is that we hope that perhaps with this RIF test people will be able to establish that this flock is clean and try to keep it clean. Now this is looking a little into the future, I admit, but this is one reason why we are doing this work.

Mr. MCKINLEY: With this test have they ever found flocks that are clean?

Mr. FRANK: Yes. There is one in Canada—not a commercial flock, these are experimental flocks—and you test the birds and remove the infected ones and try to establish a clean one. At first this is an experimental tool because to work with the disease you have to have birds that you know are free. I might mention that this is only for one type of leukosis and this is the difficulty in working. This is what we used to call lymphomatosis—the visceral lymphomatosis type.

Mr. MCKINLEY: Is this a blood test?

Mr. FRANK: Well, it is a blood test, yes; you test the chicken's blood but it is a test that is done in tissue culture, and this is the difficulty, working out the technique. Now I think we have made fair progress in this.

The CHAIRMAN: Are there any further questions on this subject?

Mr. WELLS: We did hold a meeting last year with the provincial poultry people and all other groups working on leukosis and we are hoping that we can arrange a meeting this fall, bringing all the industry and research workers on this disease together this fall in order to assess all that has been done, what has been accomplished and where we are going in order that we do not have duplication of efforts, and bring together all of the information we have to find out what can be applied to the industry.

Mr. FORBES: Would this leukosis develop in a flock of laying hens; if so, what are the symptoms of it?

Mr. FRANK: Well, there are various forms. One form that is hitting the broiler industry right now is what is known as marek's disease, and one of the symptoms is paralysis. In the old days we used to call it range paralysis; well, this is part of the picture. In older birds, laying birds, the more common type, we usually find on going into the chicken house that the bird is dead; it is pale and has been bled out, and if you open it up it has a ruptured liver. What caused the ruptured liver is an enlargement of the liver, which weakens it, and the enlargement of the liver and the spleen is part of the picture of the visceral form of leukosis. Those are the two main ones; there is an eye type and there is a type that causes thickening of the legs, but you do not see that very often these days. We used to see it in the old days. Then there is the skin leukosis we were talking about.

Mr. MCKINLEY: It is by far the biggest problem that there is in the poultry industry today. I think we should proceed with all speed ahead to try to get some answer to it because it has got much worse in the last two or three years because of mass production as much as anything, I guess. Perhaps we should have some sort of recommendation along that line in our report.

The CHAIRMAN: I will take that as a special note, Mr. McKinley.

Are there any further questions on the animal pathology division? If not, this finishes the discussion with the officials of the health of animals branch and we should carry Votes 40 and 45.

Items 40 and 45 agreed to.

The CHAIRMAN: Now I want to make it clear that there will be several recommendations from this Committee; we have made notations during the hearings here on things other than stilbestrol which the Committee will probably be making recommendations on and perhaps this will come before the whole Committee when the subcommittee's report is made. It will be made in camera before any other report is made back to the House. Of course, this does not mean very much if you followed the press last Thursday on what is held in camera and what is printed in the press. But, according to the rules the subcommittee's and steering committee's report must be discussed in camera.

Mr. PETERS: You have to be fairly clairvoyant.

The CHAIRMAN: What is one word you can use, I have others that are much more simple than that. Are you all in favour of this?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Now we have one other topic that has not been finished namely the stabilization board.

Thank you Dr. Wells, Dr. Hetherington and Dr. Frank for your attendance and for the way you have answered these questions. I am sure that if the Committee, before submitting their report, feels there is something that should be clarified we can call on your good office and have you back here.

Mr. WELLS: With pleasure, sir.

The CHAIRMAN: Thank you. There are still two things; one is the Agricultural Stabilization Board and the other, the last one, is farm products. There



have been an awful lot of questions on the stabilization board and the one member who intimated that he wanted to ask questions told me he had to leave at 10.30 this morning for another meeting. Mr. Danforth wanted to ask questions under stabilization on poultry. I think he is under the impression and I had told him that we would meet again this afternoon if we did not finish this morning so probably that is why he felt we would not get that far. We could deal with the agricultural products board if there are any questions that anyone has under this; that is the last item on the statement for information of the standing committee on agriculture. If there are any other subjects that anyone would like to go into under stabilization other than the pricing of poultry products, that will be all right. And, if any member here has questions on poultry products, because the officials are here today, feel free to ask them. Mr. Williams has officials here who can answer these questions.

Mr. McKINLEY: I wonder if we could have explained the system of the pricing of eggs and how the egg prices that are printed in the paper every day come about. I think there are a great many people wondering how this price is established.

The CHAIRMAN: We have, Mr. McKinley and other members of the Committee, Mr. Frank Payne, Chief of the Merchandising section, who I think can answer this.

Mr. F. E. PAYNE (*Chief, Markets and Merchandising, Department of Agriculture*): Yes, sir. Through the past several decades eggs moved to the main markets of Winnipeg, Toronto and Montreal in carloads in loose form and they were traded there on what was known as the spot price. This was the loose market price and the buyers and sellers got together on the price of these eggs.

In recent years the situation has developed where the wholesalers have been contracting their supplies on a carton basis directly from the grading stations, so a situation became evident back in about 1962, or a little prior to that, where the eggs were being sold in these areas but not actually being traded. You must get my point here: the eggs were coming in; they were being priced on the basis of the spot price; people were buying eggs directly from people in the country but these eggs were never actually going on the market and being traded at all. So we did a lot of work and survey in this area to determine some method of being able to report prices on a more satisfactory measure. It even got to the point at one stage, in the city of Toronto, where the sale of 200 cases of eggs, distressed eggs, on that market brought the whole market down four to five cents. This was the problem. So after a two-year study in this area we developed a price reporting system known as the wholesale to retail average carton price. Now we instigated this reporting system in Toronto in August of 1963. Subsequently we started using it in Montreal on February 28, 1966, and it has been used in Winnipeg since January 1 of this year.

Now the way this price is arrived at is that every day in these major markets the wholesalers of eggs report to our office in Toronto, Montreal and Winnipeg; they report the number of cases they have sold of the carton eggs and the price they sold them at.

Mr. McKINLEY: This is going from the wholesaler to the retailer?

Mr. PAYNE: That is correct.

Mr. McKINLEY: The price you are after is what the wholesaler sells them for?

Mr. PAYNE: That is right. Now each day they report to our office how many cases of eggs are sold, at what price and the various grade categories. Each dealer may sell at four different prices to different organizations; they may be small stores or big stores and they perhaps have a different deal. He reports each of these and we take his weighted average price for the day, and then we take the average of all dealers within that marketing area and this is the price that we report each day to the news media.

Now all other eggs then find their relative position below this. It does not really matter where you report a price in the structure—at the producer level, the spot level or the wholesale level, the rest of the egg industry takes their related price structure below that. This is the way the system works.

Mr. McKINLEY: Well, Mr. Chairman, you have the cartoned egg market and that is what you explained. Now do you still have the loose egg market as a separate pricing system, which could get all out of line, or is what you have just said that the loose egg market is now going by the cartoned egg market at such a lower percentage.

Mr. PAYNE: Well this depends. The loose egg market, what there is left of it, finds its own level because in many cases they are eggs without a home and this varies the surplus and the price of the eggs goes down and they have to go to breaking plants or what have you; they have to find whatever home they can, and the level between the cartoned egg and the spot market varies tremendously. We do not report a spot market price. Now we did, for a while; in Toronto we reported both, and we found that what happened was that the wholesale market just followed the stock market so that it did not have any stabilizing effect whatsoever; it went up and down like this. Any given day a few hundred cases of eggs could break the whole market and down it came. So we discontinued reporting the spot market and we just reported the carton market. Now the loose eggs find their home at whatever value they can find at any particular time.

Mr. McKINLEY: Then how is a person that is selling on the loose egg market, which is a big per cent of the smaller producers, to know what price they should be receiving for their eggs?

Mr. PAYNE: There is always a market and the trade themselves are reporting what they will pay on any given day on the spot market.

Mr. McKINLEY: How long is it since you stopped publishing the spot market?

Mr. PAYNE: In Toronto since the first of 1964, roughly two years.

Mr. McKINLEY: Up until a short time ago, I think, the Montreal price reported was the spot market, was it not?

Mr. PAYNE: That is correct, up to the first of March. February 28 we started in Montreal.

Mr. McKINLEY: It shows how fast you can get out of touch with things down here.

Mr. PAYNE: Now, if I may add one more comment, there has been, on the over all, tremendous producer satisfaction with this, because it has eliminated a great deal of the rapid fluctuation in these prices in the major markets. You do not get this tremendously quick drop. There were times in the Toronto market previous to this when the spot market came down so fast that actually on a given day it was the same as the producer price. Of course the next day the producer price skimmed away out from under. Today we do not get this rapid up and down; you get a wholesale price here and a producer price like this, more or less a levelling out situation.

Mr. FORBES: Is there much interprovincial trade in eggs?

Mr. PAYNE: Yes, there is considerable trade in eggs interprovincially. The Montreal market is a deficiency market; it is fed from western Ontario and the Maritimes and some from the Red River Valley out of Winnipeg. At the same time there are western eggs at some particular period coming into Toronto; Manitoba feeds northern Ontario to a great degree and, incidentally, in the last year or two Manitoba has been feeding Saskatchewan, which has been deficient in table eggs.

Mr. FORBES: I understood that this last few years people are demanding a quality product. Eggs are something that get stale fairly rapidly and that Montreal and Toronto objected to eggs being shipped down there from Winnipeg. At one time, as you know, Manitoba was a very high surplus egg producing province. I should say as a result of the encouragement of the government, and then we got into trouble over prices. So I was just wondering if this was right, that eastern people objected to any surplus eggs coming on to their market because it would have the effect that you mentioned a few minutes ago, the market would fluctuate as a result.

Mr. PAYNE: Well, Montreal needs them. Quebec does not produce enough eggs; they need them. Today they put fresh eggs out of Winnipeg onto the Montreal market within 48 hours, with the rapid refrigerated truck transit.

Mr. FORBES: By truck?

Mr. PAYNE: Yes, sir, all by truck.

(Translation)

Mr. MATTE: That the Stabilization Board may cause prices to drop or rise as the case may be?

(English)

Mr. WILLIAMS: No, sir. I would say that the stabilization board has no influence on the actual price paid unless one takes an extremely long term view and takes the position that the stabilizing effect of the board acting as a government agent and paying money to egg producers in years of long supply and short prices tends to maintain egg supplies and thus indirectly affect prices. But there is no direct effect.



(Translation)

Mr. MATTE: Do you not think that the Prices Stabilization Board could act to raise the prices of certain farm products? Could the Board help to nudge the prices of some products upwards? Is there a chance of that?

(English)

Mr. WILLIAMS: The Agricultural Stabilization Board in general does not influence the market price. It influences the final returns to producers by supplementing producer returns from the market by direct payments, by deficiency payments, or by some other similar means; that is to say, the three methods that are available to the stabilization board, the third one is a direct payment of a fixed amount but it does not, in general, affect market prices.

I think I would have to say, however, there are minor exceptions to that. Under the current dairy support program the purchase price that the agricultural products board is purchasing skim milk powder at affects producers' returns and it affects the price.

Mr. MOORE (*Wetaskiwin*): I wonder if you would have any figure indicating the present cost of production for a dozen eggs; what is the estimated cost of production for a dozen eggs? Of course this might vary in different parts of Canada.

Mr. WILLIAMS: I think that this is an area, sir, that we are unable to give average figures on. The studies that have been conducted on cost of production always show that there are such wide ranges that the average per se is meaningless.

Mr. MOORE (*Wetaskiwin*): Oh, I understand that the price is not related to the cost of production at any time, is it?

Mr. WILLIAMS: The price on the market in general is not of necessity related to the cost of production. If you are talking about eggs that is correct, yes.

Mr. MCKINLEY: Does the stabilization board have the authority to buy eggs and subsidize them for export in a period of low prices?

Mr. WILLIAMS: At the present moment the stabilization board does not have that authority unless the price were to go down to the mandatory level, which is 80 per cent. If they went down to 80 per cent the board has the authority under the Act, without any further authority, to take whatever action it sees fit in order to support the level of eggs at 80 per cent of the base price or ten-year average. However, our support price is above that so, for the board to purchase eggs at the present time for any purpose whatsoever would require order in council authority over and above the existing legislative authority that the board possesses.

Mr. FORBES: Did you establish this 80 per cent on a regional basis?

Mr. WILLIAMS: No, sir, on a national basis.

Mr. FORBES: What is the floor price on eggs now?

Mr. WILLIAMS: The support level on eggs, which is not a floor price in the accepted sense of the word, although I appreciate that the terms are sometimes

used interchangeably, at the present time is 34 cents a dozen for Grade A large, and the maximum entitlement of any one producer for assistance or for subsidy payments is 4,000 dozen Grade A extra large, large and medium. There is a supplemental support level of 31 cents a dozen for his next 6,000 dozen production.

Mr. MOORE (*Westaskiwin*): If the cost of production cannot be easily determined and it varies from one sector of the country to the other, how can we as an agricultural committee do anything about a fair price for the producer? It leaves us in a position that we do not seem to know where we are.

Mr. WILLIAMS: I can assure you, sir, that this is a problem with which the Agricultural Stabilization Board wrestles on a day to day basis. I think that the Agricultural Stabilization Board takes cognizance of changes in cost of production. In other words, data is available as to increased costs of equipment, changes in feed prices, changes in labour, the various inputs going into it. One has to then make one other assumption, that these changes should or should not be reflected in a support price, and each of these has to be dealt with individually. By "each" I am talking about each type of product with which the board is dealing. I think all this must be equated with one other factor, whether or not the price support provided is such as to bring on production that will in effect depress prices at some subsequent time to such an extent as to render the program completely ineffective.

Mr. MOORE (*Wetaskiwin*): Yes, I realize this is always a danger with subsidization. To have over-production subsidized naturally you are going to get more over-production.

Mr. PETERS: Could I ask a supplementary question on this? Is there anything in surplus? Does the stabilization board hold any product now?

Mr. WILLIAMS: At the present time, yes. We hold two products right at the present moment, skim milk powder and butter. The butter is our normal operation: I think one would find it difficult to say that this is surplus or not surplus at the present time. The outlook is that it will not be surplus, that we will require it for sale within this country during the coming season of short production. The skim milk powder is, I should think I could say, categorically in surplus supply.

Mr. PETERS: There appears to be a forecast of butter shortage and probably importation this year. I have seen it in some of the farm periodicals. What effect is the \$3.25 manufactured milk price going to have on skim milk powder? Is it not inevitable that the higher price being paid for manufactured milk will make your skim milk powder an attractive product to hold? In other words, the futures of skim milk powder are going to be higher than the current price.

Mr. WILLIAMS: Well, I think the situation is that the price of skim milk powder is not set within Canada. This is a world commodity that is traded very widely throughout the world and irrespective of what the Canadian supply position is our supplies are relatively minor in terms of world supplies and thus the price is not set by Canadian supplies—that is the export price is not. The

internal price is set in Canada for powder by the board's purchase policies that I mentioned a moment ago.

Mr. MOORE (*Wetaskiwin*): Mr. Williams, the price of milk per hundred pounds as used for the manufacture of skim milk powder is not \$3.25—that is not to my knowledge and definitely not in our area; it is \$2.69 for 3.5 milk, so that when you add the 75 cents subsidy on it the realized price is \$3.44. Is that not correct?

Mr. WILLIAMS: I cannot answer categorically for your area.

Mr. MOORE (*Wetaskiwin*): I have the proof in my pocket, my last milk cheque. The price received was \$2.64 but I am adding on a nickel for the extra percentage point of butterfat, the price you would receive for 3.5 milk, and that is \$2.69; and when you add 75 cents to that you get \$3.44, and this is what the producers are receiving at this time in Alberta. I have it in my pocket if you want to see it.

Mr. WILLIAMS: In Alberta?

Mr. MOORE (*Wetaskiwin*): Yes, in Alberta, which is part of Canada too.

Mr. WILLIAMS: Well, if I could say one word on this point that has been raised. The board's policy has been to provide through export assistance and through direct purchase a condition whereby butter and powder or milk used for the production of butter and powders can bring \$3.25. The law, the provincial legislation in Ontario, has set the price at \$3.25, and milk used for this purpose in the province of Ontario is paid for at \$3.25.

Mr. MOORE (*Wetaskiwin*): I realize this, sir, and that is why I brought this point to the attention of the Committee.

Mr. WILLIAMS: I think that there is one point here, of course, and I am not aware of the particular case that you are raising, is the ability of the particular plant in question to use all of the milk that it receives at certain times of the year for the actual manufacture of powder. For example, there has been an order passed in some places at least that I know of where, because the excesses being provided at this time of the year, the surpluses being shipped at this time of the year, plant facilities are not enough to handle all of the skim milk for drying purposes and some of the skim milk has not been used to best advantage. In such cases, of course, the plant has been authorized by the provincial people, not by the federal people, to pay less for the milk.

The CHAIRMAN: One thing I would like to ask, Mr. Moore. Are the trucking charges and that taken off that \$2.69 before?

Mr. MOORE (*Wetaskiwin*): No, because for hauling on this same cheque \$18.28 is a separate item, so it has not been taken off.

Now while we are on this subject I realize that a co-op pays less; I believe it is one cent a pound butterfat less than, say a private corporation, for the simple reason that a Christmas bonus is given. Maybe I am stating that too simply, but at any rate the price on this cream cheque is 58 cents per pound butterfat, and I imagine that in another market the producer would receive 59 cents. Is that correct?



Mr. WILLIAMS: The price of butterfat is associated, I think everyone appreciates, with many factors not the least of which is the competitive position of the shipper. If he has several people who wish to obtain his butterfat he is, in all probability, going to get a little bit more for it. The prices that I have seen myself have ranged from 56 cents to 62 cents being paid for butterfat in Canada at the present time.

Mr. MOORE (*Wetaskiwin*): The price on this cheque is 58 cents and this is the reason I would say it would be 59 that goes to the competitor that is not a pool or a co-op, in other words.

The CHAIRMAN: No, I just want to clarify that, Mr. Moore. I do not think this is a general practice with co-ops all across Canada. It must be just what that local co-op decides to do.

Mr. MOORE (*Wetaskiwin*): Well this an Alberta Co-op which has a monopoly on practically the whole milk market in Alberta. But at any rate, to go a little further, this is the realized price of \$2.81½ per 100 pounds of milk figured on a 3.5 fixed butterfat basis. This is for the information of the Committee.

The CHAIRMAN: Thank you, Mr. Moore.

Mr. PETERS: This is a problem I think that we had better investigate. The price of butterfat in some areas runs as high as 93 cents to get it up to the level of \$3.25. In my area it is running anywhere from 76 cents to \$2.93. I may be wrong because I do not really understand all the operations of the dairy manufacturing field. Some of our milk is going to the province of Quebec and there you have an extra 25 cents a hundred subsidy from the provincial government on milk for manufacturing purposes, so there is quite a confusion and that is actually what it amounts to. The problems that we are facing from the stabilization board is the amount that the farmers get, which obviously varies from province to province, and the fact that we have to set a national price for manufactured milk products such as skim milk and butter. Is there not going to be a dangerous disadvantage to the province of—

Mr. MOORE (*Wetaskiwin*): Let us say Alberta.

Mr. PETERS: Yes, Alberta is a good example, where the surplus will obviously be built up in \$2.81 against an Ontario producer at \$3.25, where the subsidy is being paid on a flat basis, on a national basis, taking into consideration the export market. The farmers in one part of Canada are not getting the same amount of money as other farmers in terms of the operation that they are dealing with. In other words, the manufacturer in Alberta has got a hell of a big advantage over the manufacturer in the province of Ontario in skim milk powder. I believe that to be fair so far as eggs are concerned, eggs selling for 15 cents a dozen in western Canada may be at a great advantage over subsidized egg production in Ontario. The price of feed is obviously the factor in this case.

What do we do and what kind of a program are we developing that will equalize this, because it seems fairly ridiculous to provide a subsidy in one area

when that subsidy is not equalized in the other areas of Canada. There must be a difference because this butterfat is a purchaseable commodity under the stabilization board, and yet it varies, so far as the farmer is concerned, very greatly from one area to another.

Mr. MOORE (*Wetaskiwin*): Even worse, Mr. Peters, than you think, because the price I quoted at \$2.81½ per 100 pounds was after the 75 cents subsidy had been added. The actual price without the subsidy is \$2.06½ per 100 pounds received for the milk and sold as cream at 59 cents. I use 59 because I realize actually when you get 58 cents you get a cent back at Christmas time.

Mr. PETERS: Obviously the dairies must be making more money in one place than the other, because they do not seem to be passing it on to the farmer. The nationalized program indicates there is a stabilized price for selling or for purchase, in this case, from the manufacturer, the manufacturer in one area is paying a different price to his producers and therefore, there is a great disparity, in some cases more than a dollar.

Mr. WILLIAMS: May I give one brief word of explanation. Before I do that, in order to clarify the record, I quoted butterfat prices. The range of butterfat prices I quoted was for butterfat delivered as cream. Mr. Peters quoted somewhat higher prices; his prices, I am presuming, are based on butterfat delivered as milk; in other words the skim milk value is counted in that butterfat price, and this depends upon what province you are in and the method of pricing it.

Mr. PETERS: About \$1.05 of that is skim milk value.

Mr. WILLIAMS: Something of that nature.

Mr. PETERS: Which at certain periods of the year may be true and at other periods of the year, in varying degrees on farms, is not worth \$1.05; in fact it is not worth anything in some cases.

Mr. WILLIAMS: But the problem that has been raised is one that is certainly known and recognized and the Minister, when he announced the dairy policy this spring, did recognize this problem. The difficulty stems from the question of jurisdiction. The federal government does not have authority to set the prices that processors pay to producers for the milk they receive. This is entirely a matter of provincial responsibility. In some provinces the provinces have set the paying prices; in other provinces boards have taken this action or related action. But it is a matter that is recognized as a problem and there is no doubt about that whatsoever, but it is not one than can be solved under federal jurisdiction. It is hoped however, and the question was asked as to what steps are being taken, that this is one area which the Canadian Dairy Commission—the legislation for which just very recently passed the House and is now, I believe, before the Senate—will be able to study. In announcing this legislation the Minister emphasized very strongly that one of their main functions would be co-ordinating provincial action in this area.

Mr. MOORE (*Wetaskiwin*): What policy is it, sir?

Mr. WILLIAMS: Might I suggest that where this milk is put out—that is, the area in which the statement originated—the cost of production, I would say, is much greater from my own experience than it is in an area, say, where Mr. Peters suggested. Our term of pasture would average three to four months, and it is not all good—I mean there are only possibly two months when the pasture is good; the other two would be hit and miss and you just hope to get four months' pasture. The rest of the time the cattle are fed completely in the barn with high priced feed, and this is in an area where we do not average four tons of hay to the acre—we are lucky to get one—and where grain prices, even though grain is produced there, are pretty high.

The CHAIRMAN: Your land prices would be cheaper there.

Mr. MOORE (*Wetaskiwin*): The land prices, I think, are actually higher than they are here.

The CHAIRMAN: Not in Ontario.

Mr. MOORE (*Wetaskiwin*): In this particular area where this actual milk was produced it is at least \$200 an acre.

The CHAIRMAN: But that must have a real estate value on it?

Mr. MOORE (*Wetaskiwin*): No, it is a farm value.

Mr. PETERS: Well, Mr. Chairman, the problem, it seems to me, is that we cannot interfere with provincial jurisdiction in the establishment of the base price, but in establishing what a national average should be for stabilization price purposes, which is really the floor purchase price, which quite often becomes the whole price, whatever the price may be. We are buying milk powder not really on a national average any more, we are buying it on the average of a \$4 milk product when \$4 is not the price on the national average. We established federally that the floor price should be \$4; we have also established that we will buy it at a certain price. If a province goes away below that then it is not the farmer that gets the advantage of it nor is it the government that gets any advantage out of it; it is the manufacturer in that particular field that is producing a very low cost product and selling it at a price that will fit into the \$4 manufactured milk price. If we are going to work it on the basis of subsidizing actually then we are going to have to break it down to subsidize it on a provincial basis, taking into consideration the base price of milk in a particular province; otherwise we are subsidizing the manufacturers of that product in the low provinces.

Mr. MOORE (*Wetaskiwin*): I would like to point out that in the dairy policy there is a little paragraph there—I have not memorized it; perhaps I should have, and I do not have it with me—that says "a producer of manufactured milk". I take this to be butterfat, skim milk powder and so on, I do not have it with me but I phoned home last night for a statement, say, for condensed milk,



milk shipped to a condenser, say, the Carnation plant. I just want to bring this to your attention and ask if anything can be done about it here and now. The purpose of this dairy policy was to insure that producers received \$4 per hundredweight for manufactured milk. Is this not correct? This is what the dairy policy says and I have cited two instances and I have added the 75 cents per hundredweight subsidy over these prices and come up with \$3.44 and \$2.81½, and that is my whole point.

The CHAIRMAN: Thank you. I think that we will adjourn now until 3.30 this afternoon, and we will meet in this same room. We will continue on with this subject this afternoon.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

UNIVERSITY OF TORONTO

# Agriculture, Forestry and Rural Development

*Chairman: Mr. EUGENE WHELAN*

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## MINUTES OF PROCEEDINGS AND EVIDENCE

No. 24

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Respecting

Estimates (1966-67) of the Department of Agriculture

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THURSDAY, JULY 7, 1966

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### WITNESSES:

*From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister, Production and Marketing Branch and Chairman of the Agricultural Stabilization Board; Mr. Frank Payne, Chief, Merchandising Section, Poultry Division.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin	Mr. Herridge,	Mr. Peters,
( <i>Richmond-Wolfe</i> ),	Mr. Honey,	Mr. Pugh,
Mr. Beer,	Mr. Hopkins,	Mr. Rapp,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Ricard,
Mr. Choquette,	Mr. Johnston,	Mr. Roxburgh,
Mr. Clermont,	Mr. Jorgenson,	Mr. Schreyer,
Mr. Comtois,	Mr. Lefebvre,	Mr. Stafford,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stefanson,
Mr. Danforth,	Mr. Matte,	Mr. Tucker,
Mr. Éthier,	Mr. McKinley,	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Faulkner,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	<i>guay-Hutingdon-</i>
Mr. Gauthier,	Mr. Neveu,	<i>Laprairie</i> ),
Mr. Gendron,	Mr. Noble,	Mr. Yanakis—45.
Mr. Godin,	Mr. Nowlan,	
Mr. Grills,	Mr. Olson,	

(Quorum 15)

Michael B. Kirby  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

THURSDAY, July 7, 1966

(31)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.57 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Beer, Choquette, Comtois, Danforth, Éthier, Faulkner, Forbes, Gauthier, Godin, Jorgenson, Lamerdière, MacDonald (*Prince*), Matte, McKinley, Moore (*Wetaskiwin*), Neveu, Olson, Peters, Pugh, Ricard, Roxburgh, Schreyer, Tucker, Watson (*Château-Lafayette-Huntingdon-Laprairie*), Whelan, Yanakis (27).

*In attendance:* From the Department of Agriculture: Mr. S. B. Williams, Assistant Deputy Minister, Production and Marketing Branch and Chairman of the Agricultural Stabilization Board; Mr. Frank Payne, Chief, Merchandising Section, Poultry Division; and Mr. J. S. Parker, Director General, Departmental Administration.

The Committee resumed consideration of the estimates of the Department of Agriculture for the 1966-67 fiscal year, item 15.

Mr. Williams, from the Department of Agriculture, answered some questions posed of the Departmental officials on July 5, 1966, by Mr. Noble, M.P., Mr. Williams later answered a question asked by Mr. Schreyer, M.P., on June 28, 1966. The Committee then resumed questioning the Departmental officials.

Later the Chairman excused Mr. Williams from the meeting so that he could attend a special meeting.

Mr. Asselin (*Richmond-Wolfe*) informed the Committee that he would like to have the Chairman put the question on the remaining items of the estimates. Mr. Danforth pointed out that he had more questions to ask and after further discussion Mr. Asselin withdrew his suggestion.

On motion of Mr. Asselin (*Richmond-Wolfe*), seconded by Mr. Choquette, *Agreed*,—That the statement prepared by officials of the Department on the *Supervision of Pari-Mutual Systems of Betting at Race Courses* be printed as an appendix to the Minutes and Proceedings of this day (*See Appendix I*).

At 12.05 o'clock p.m., the Chairman adjourned the Committee to the Call of the Chair.

Michael B. Kirby,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

THURSDAY, July 7, 1966.

9.50 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. We have Mr. Williams, the Assistant Deputy Minister, Mr. Payne, Director of Merchandising, Poultry Division and Mr. Parker, Director General, Departmental Administration. We are open for questions.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Production and Marketing*): Mr. Chairman, before the questioning starts, I have the answers to two questions which were asked at the previous meeting, which possibly might be entered on the record at this point.

A question was asked by Mr. Noble concerning the percentage of birds found dead in plants operating under the Canada Inspection Act on initial inspection. Including both turkeys and chickens for the past two years the percentage has been identical, namely .37 per cent of the total kill.

The other question was asked by Mr. Schreyer concerning Charolais cattle in which he asked whether the department owned any cattle, where they were acquired from, the number and the approximate purchase price. The only bulls of Charolais breeding owned by the department are owned by the Prairie Farm Rehabilitation Administration, which at the present time own 53 part-Charolais bulls. Of these, 39 are in Saskatchewan and 14 are in Manitoba. About 5 per cent of these were bought at public auction and the purchase price averaged about \$440 each. These bulls are registered or recorded but the degree of purity varies from three-quarters to 15-16ths.

Mr. MCKINLEY: Mr. Williams, one thing that worries me in our district is that butter stocks are going down. Is this right?

Mr. WILLIAMS: At the present time our butter stocks are increasing.

Mr. MCKINLEY: They are increasing?

Mr. WILLIAMS: That is correct, yes.

Mr. MCKINLEY: Is surplus milk powder increasing?

Mr. WILLIAMS: Yes, we are purchasing skim milk powder on a continuous basis at the present time.

Mr. MCKINLEY: It was mentioned, I believe, the other day that Canada might have to import butter at some time in the future. Was this not mentioned?

Mr. WILLIAMS: Yes, this was mentioned.

Mr. MCKINLEY: Well, there are two large creameries up in Huron county. Both, in the month of April, lost 30 customers that were entirely cream



shippers. Now these creameries do nothing else but make butter. They do not make skim milk powder at all. These cream producers feel that they are being discriminated against because of the policy. I cannot see the sense of bringing up the surplus of skim milk powder when we already have plenty of it, when these customers could be putting their cream all into butter. Now there are two different ways that this one creamery man has it figured out, and he comes back with a net return to the producer in each case of \$3.24. Another quite definite question which came up, when getting the registration numbers at the time these producers registered, was the fact the cream producers are only being paid every three months instead of every month. Can you tell me how soon they will be changed over to every month, the same as the milk shippers to be paid the subsidy.

Mr. WILLIAMS: I cannot answer that question directly other than to say we, in the Stabilization Board, are working on it but I think you appreciate we have not as yet had one complete cheque cycle issued to cream shippers. We have, essentially, done that now for the manufacturing milk shippers but neither the full milk shippers nor the cream shippers have as yet received their first cheque. Until we have gone through a complete cycle it would be impossible to predict whether it would be feasible to switch over and, if so, when it would be feasible to switch over to a more frequent method of payment. One problem here, of course, which one must appreciate is that there are a very large number of cream shippers who ship very small amounts. A monthly payment to some of these people could result in sending out cheques for very small amounts.

Mr. MCKINLEY: But it is anticipated that in the future they will be sent out monthly?

Mr. WILLIAMS: That is our hope, yes.

Mr. MCKINLEY: Instead of quarterly?

Mr. WILLIAMS: That is our hope.

Mr. MCKINLEY: This is one small thing but, as you say, there are a lot of small producers of cream. It has been bothering them a bit.

Now, is there any possible way that their returns could be increased to match the returns that milk shippers get, because they do not feel they are getting the same deal that milk shippers are getting, and the records prove they are all going out of cream. They are either turning to milk or turning the calves on them.

Mr. WILLIAMS: Well, the question was asked whether there is any possible way. I think my answer would have to be that under the current policy there is no possible way.

Mr. MCKINLEY: Is there anticipation within the department that this situation might be corrected or could be corrected?

Mr. WILLIAMS: I would not think I could answer that. That would be a matter for government decision. The policy has been set by the government and it would be their decision as to whether or not there could be a change. The question was raised about the validity of accumulating surplus skim milk

powder through cream shippers switching from cream to milk manufacturing. I think one has to say this in respect of that, namely, that at the present time we have a 3 cents export subsidy on powder. That means that for each pound of powder moved into export we are paying 3 cents. We are moving probably something around 40 per cent maybe. It depends on our total production picture. This means that for every pound of powder produced it costs, on the average, one cent to export it. So, if the program were to be switched and an incentive placed on cream shippers to keep their skim milk at home on a straight cost basis it would be something in the nature of 8 cents a hundred on milk. Eight cents a hundred on milk is equivalent to one cent a pound on skim milk powder.

Mr. McKINLEY: I am not so particularly worried about that end of it. What I am worried about is two large creameries with a number of employees that, if this thing keeps on, are going to be closing their doors. Now, do you agree that this should happen because of government policy?

Mr. WILLIAMS: I am not sure I would say myself that it was happening because of government policy; I think it is happening despite government policy. This trend has been in existence. The amount of butter made from shipped cream or, at least, the percentage of butter made from shipped cream has decreased somewhere between 4 and 6 per cent annually and this has been brought on of course by an increase to all prices in the solids non fat portion of the milk.

Mr. McKINLEY: Well it certainly has speeded up since the last policy was announced. I just want to make sure that the department is aware of that fact.

The CHAIRMAN: Are there any further questions?

Mr. DANFORTH: Mr. Chairman, I have a supplementary question along the same line, if I may. It has to do with mechanics. If it is found that the present policy, as being administered by the government, is causing undue hardship in any segment of the dairy industry can you, Mr. Williams, give me any idea of how quickly supplementary policy or any change in policy could be implemented in the industry. Because we have this policy, must it be maintained for 12 months or if something needs to be changed can we change the administration overnight?

Mr. WILLIAMS: In reply to the first part of the question my answer has to be that it would depend on what action were decided upon, if any action was decided upon. When I say that, there are certain things, action taken under the Stabilization Act, in respect of levels of support that are, under the act, mandatory for a 12 month period.

Mr. McKINLEY: That is dairy products, not the fluid part. I could appreciate butter maybe.

Mr. WILLIAMS: Butter and cheese are the two mandatory ones. But there is another clause in the act that reads something along these lines: that action authorized by the Governor in Council, and I am not quoting verbatim, in respect of a name product must remain in effect for the time specified in the order in council, and the order in council in respect of these other products has specified 12 months. Inquiries that the department has made of the legal people

would indicate that a change in support level is not possible without broaching the act. Now, whether alternative action can be taken under some other procedure is a question that would have to be explored depending on the procedure that was decided upon. In so far as the administrative aspects of the question is concerned, once again, I must give an equivocal answer in that it takes a great deal of time to change procedures in respect of payment. If, for example, the decision were made that the payment would not be a direct payment but it would go through plants and that the plants would make it and that there would be that change in the program, I would think it would take probably two or three months to implement such a change. We have to set up a completely different accounting system within these plans and a different reporting system. I may be pessimistic when I say two or three months but it would take a considerable length of time.

Mr. DANFORTH: I can appreciate that, Mr. Williams. My point is cream, skim milk or fluid milk to factories are not under the stabilization Board. Therefore, I would not think they were subject to the same rigid control but more to departmental control. Since the new policy of the 75 cents is based on fluid milk, which is not under the Stabilization Act as such, would not be possible, in a very short time, if the support price was raised to 85 cents or 95 cents to put this into practice or would we have to wait for the 12 month period to expire.

Mr. WILLIAMS: Manufactured milk, fluid milk and so forth are not mandatory products under the Agricultural Stabilization Act as a named commodity and since the order in council specifies 12 months the act indicates that it must remain in effect for 12 months. However, as I say, supplementary action might be possible under some other procedure.

Mr. DANFORTH: Well, since this new policy which has been augmented by the government is under the Stabilization Act does it fall within the same category as the other commodities where the price is stabilized on the basis of a percentage of the ten year average?

Mr. WILLIAMS: Yes, that is correct.

Mr. DANFORTH: Take, for example, the 75 cents to stabilize the price at the \$4 level, as outlined in this policy; what percentage is this estimated to be of the ten-year average?

Mr. WILLIAMS: Manufactured milk, which applies to the surplus portion of fluid milk that is being supported, is presently supported at 151 per cent of the base price.

Mr. DANFORTH: Have we any other commodity that is placed under the Stabilization Act which is supported to that extent?

Mr. WILLIAMS: The closest is wool, which is 139 per cent.

Mr. DANFORTH: Then the other products are far lower in the percentages; for instance, soybeans, sugar beets or anything like that has a far lower support price. Am I correct?

Mr. WILLIAMS: Most of the ones under active support at the present time are 100 or somewhat over. Between 100 and 110 is the general range.



Mr. DANFORTH: I believe the act states that anything which is supported in mandatory way or in any other way must be supported at 80 per cent or over of a ten year average. Am I correct in that?

Mr. WILLIAMS: Only for the 9 mandatory products. A name product can be supported at any level.

Mr. DANFORTH: Even lower than 80 per cent?

Mr. WILLIAMS: Even lower than 80 per cent, yes.

Mr. DANFORTH: Mr. Chairman, may I pursue this just a little further. I am very much concerned for fear any policy, not just the dairy policy, once augmented by the government under such legislation could conceivably cause a great deal of havoc in an industry if it could not be changed for 12 months, if it was found it was working detrimentally to the interests of the industry. If I understand Mr. Williams correctly, and I do not want to be unfair in any way about this because it is too important, the policy once instituted under the Stabilization Act must then remain for 12 months.

Mr. WILLIAMS: For mandatory commodities it must remain for 12 months; for name commodities it must remain for the time stated in the order.

Mr. DANFORTH: But it is normal.

Mr. WILLIAMS: It has been normal for it to be stated for 12 months, yes.

Mr. DANFORTH: Then any relief for any segment of the industry that finds itself in dire circumstances must, in effect, have an auxiliary or some type of new policy in addition to. Am I correct in that assumption?

Mr. WILLIAMS: If it is under an active stabilization program at the time that this particular problem confronts it. That is the interpretation that the board has been given by its legal advisers.

Mr. DANFORTH: To apply this to the question that was asked by Mr. McKinley where creameries seem to be in dire circumstances, and this is a common complaint across Ontario and I am sure in other provinces as well, in order to have any relief, then we would have to have an additional policy under dairy and directed, perhaps, specifically to one particular segment of it. Am I correct in this?

Mr. WILLIAMS: Yes, I would think that that is essentially the case, with the proviso that it would not, of necessity, have to be directed specifically to that. It could cover more than that if a special policy of some type were to be superimposed on the support program.

Mr. DANFORTH: What I am trying to establish, Mr. Williams, is an avenue of approach for any section of a large industry like this which feels it is undergoing undue hardship. The avenue of approach then for this particular part of the industry would be to make direct representation to the government for additional action and perhaps with a recommended policy on their part of a manner in which they could be relieved of what they consider to be circumstances over which they have no control, that are forcing them out of the industry. Am I correct in this?

Mr. WILLIAMS: Yes, I would think that would be it.

Mr. DANFORTH: That this would be the logical approach rather than on an industry-wide approach?

Mr. WILLIAMS: Yes, I would think that would be it.

Mr. DANFORTH: Have the cream producers availed themselves of this opportunity, to your knowledge? Have they approached your department in this specific manner?

Mr. WILLIAMS: You are referring to the cream producers now, or specifically the creamery operators?

Mr. DANFORTH: Yes, the creamery association.

Mr. WILLIAMS: Yes, representations have been received from certain groups of creamery operators.

Mr. DANFORTH: Naturally I could appreciate that you are not able to get into the policymaking of this. However, from the evidence presented was it their opinion that this policy was creating hardships or were they of the opinion that it was the shift in emphasis from fats to the solids—non-fats which were basically their problem?

Mr. WILLIAMS: I would have to say, in respect of the representations which have been received to date, that the industry recognized that their problem was compounded by a change in the habits of producers and a change in the value of solids, not fat, and in essence they asked for a policy that would help relieve this situation in so far as they were concerned.

Mr. DANFORTH: Well then, any policy based on the solids, not fat, such as a policy on casein, more emphasis on powder, in effect give them an avenue of approach then in widening the policy as laid down by the government now. Is that not so?

Mr. WILLIAMS: Well basically yes. Basically what they have asked for has been an increase in butterfat payment to shippers who deliver their product as cream of somewhere between 8 and 10 cents.

Mr. DANFORTH: An increase?

Mr. WILLIAMS: Yes. In other words, to increase the 21.4 cents. In other words the 75 cents we are paying per hundredweight on milk now works out to 21.43 cents per pound of butterfat. In essence they have said they need a 30 cent subsidy to cream shippers to put them in the same position.

Mr. DANFORTH: I do not want to belabour this point but it is a complicated one so far as I am concerned. Is it possible to take action immediately on this particular request or does this fall under the 12 months ban again?

Mr. WILLIAMS: In so far as action under the stabilization act is concerned it would come under the legal restrictions of the act.

Mr. DANFORTH: Mr. Chairman, in this particular segment I am willing to pass as this has been clarified to my satisfaction.

The CHAIRMAN: Are there any further questions on this subject?

Mr. PETERS: Mr. Chairman, the Chairman of the Stabilization Board used the figure in reply to Mr. Danforth, of 151 per cent of the base price for, I suppose, surplus milk. Is this manufactured milk?

Mr. WILLIAMS: That is the base price for milk for manufacturing purposes.

Mr. PETERS: What would be the figures in dollars and cents per hundred that the 151 per cent would represent?

Mr. WILLIAMS: The base price as calculated by the board is \$2.71 a hundred.

Mr. PETERS: This is on 151. You have arrived at a figure somewhere below \$2, I presume. One hundred and fifty-one per cent would be calculated back to 100 would it not?

Mr. WILLIAMS: One hundred and fifty one.

Mr. PETERS: What was the national weighted average that allowed you to establish this \$2.71 at 151 per cent?

Mr. WILLIAMS: I am sorry. I misled you. The \$2.71 is the base price or the price received by farmers for manufacturing milk f.o.b. the factory for the past 10 years. The current support level is 151 per cent of \$2.71. So if you multiply \$2.71 by 151 you get the current support level.

Mr. PETERS: \$3.25?

Mr. WILLIAMS: No, \$4.10.

Mr. PETERS: When we decided on this \$4 for milk, why did we not decide to use the Stabilization Act to provide the \$4. I presume this would mean the right to purchase and a number of other things. I want to know the thinking that produced the situation that allows the province the right to set the anticipated base or the hoped for base price of \$3.25. Why did we not decide to set that base through the Stabilization Board so there would be uniformity. We are not a great deal better off, it seems to me. In fact, we are worse off in some ways because the farmer believes that he should get \$4 now. I have no argument that in the province of Ontario transportation costs is a factor that has to be considered in terms of the agreement between the farmer and the manufacturing plant he deals with. If all of a sudden the transportation costs go up then this is not entirely the federal government's responsibility. I do not think they have to assume that. Why did we not arrive at the \$4 through the Stabilization Board, which is a national agency and can operate and has obviously operated in all the provinces to set a base. In this case why do we add the 75 cents or the 85 cents less 10 cents. Why do we add this on a national basis and leave the base price in the provincial jurisdiction?

Mr. WILLIAMS: We have no mechanism whereby we can set a paying price of \$3.25. Anytime the Agricultural Stabilization Board sets a price it is set by a purchase method. If, for example, we set the price; the way we set the price of butter is by offering to purchase it. The mechanics of offering to purchase all the manufacturing milk in Canada put the question completely out of the window, it would be impossible to get into such a program. Therefore, in order to do our best under our legislation to set a price of \$3.25 we have offered to



purchase the major commodities made from manufacturing milk. We are purchasing butter; we are purchasing powder; we have an offer to purchase on cheese. We have export assistance on cheese; we have export assistance on casein, all of which puts us in a position that they should be able to pay this much namely, \$3.25. Even when we are purchasing butter, for example, this does not set the price that the butter manufacturer pays for his butterfat other than dependent upon the ability of the producer to negotiate, knowing that the processor is in a position to pay that much for his butter.

Mr. PETERS: Prior to the formula we now use in establishing commodities under the Stabilization Board that can be purchased, and these are limited to named or designated commodities, plus the eight mandatory ones, we had what we called a floor price which was also a purchase price. How did we operate that so that, federally, we could establish a minimum.

Mr. WILLIAMS: We have never established, to the best of my knowledge, a minimum price that processors pay to producers for their raw product other than the amount they have been able to enforce, if I may use that term, through negotiation. At the present time we are buying butter. Suppose we were doing nothing else but buying butter. All this would do would be to set the price of butter. The producer does not deliver butter; he delivers milk or butter fat. Therefore, it does not set the price of butterfat really.

Mr. DANFORTH: May I ask a supplementary on that, Mr. Chairman? Is it not a fact, though, that by federal action you can establish a minimum price that any producer shall receive by a direct subsidy to the producer himself, taking the difference between the minimum price established and the average sale price. Is not the custom—I am speaking of, say, soybeans—that you do federally actually establish a minimum?

Mr. WILLIAMS: That is right. However, the difficulty in so far as the dairy industry is concerned is that if we do this we have to wait until the end of the year when we find how much he was paid on the average. This is what we did last year to maintain a \$3.30 level. You have to wait until the end of the year then and decide what the national weighted average is and what difference is paid. This is what we do with soybeans, as you correctly pointed out.

Mr. DANFORTH: When this method is used it is possible then—this is the point we are trying to establish—under the present mechanics of the Stabilization Act and its operation to establish a minimum price which a producer will receive?

Mr. WILLIAMS: No, it is not. It is possible to establish the average minimum price that all producers will receive and the board has never done anything else but that. It has never said that each producer will get this much for his product. I think you gentlemen would agree this would be completely unworkable. If the board were to be required to guarantee that each producer in Canada receive \$4 for his milk f.o.b. the farm or f.o.b. the factory or on any basis whatsoever this would mean there was absolutely no incentive whatsoever for the plants to pay a price or for the producer to bargain for a price. They could sell it to the plants for 50 cents a hundred and the federal government would have to pay \$3.50.

Mr. MOORE (*Wetaskiwin*): I have a short supplementary. We have heard a good deal—actually, I think, from the minister himself—that it is or would be unconstitutional. Now, it is not a question of being unconstitutional on these payments; it is a matter of expediency, is it not?

Mr. WILLIAMS: I am not sure I follow you sir.

Mr. MOORE (*Wetaskiwin*): Mention has been made that the reason payments cannot be paid directly to the farmer for the product is that it is unconstitutional. These statements have been made in the House. From what you have been saying it appears to me that it is not a question of whether it is unconstitutional or not; it is a matter of expediency that the payments now being paid to the manufacturer are made that way because you could not guarantee a set price to each individual f.o.b. the farm. In other words it has to be f.o.b. the factory?

Mr. WILLIAMS: I am still not absolutely certain of your point, sir. We can definitely make direct payments to producers and we are doing this at the present time. I do not believe the statement was ever made that it is not constitutional to make direct payments to producers because we do make them and we have made them for a great many commodities.

Mr. MOORE (*Wetaskiwin*): I gathered from certain statements that have been made that the government, speaking through the minister, had stated that we cannot do that because it is unconstitutional.

Mr. WILLIAMS: I believe what the minister did state was that it is unconstitutional for the federal government to set a minimum paying price that processors must pay producers for their product and that this lies within the ambit of provincial authority.

Mr. MOORE (*Wetaskiwin*): So just to get it absolutely clear, it is the processors where you cannot fix a price that the processors are going to get that they shall pay the producers.

Mr. WILLIAMS: That is correct, yes.

Mr. MOORE (*Wetaskiwin*): This is a matter of expediency as well. It would be almost impossible with the varying haulage charges, and so on, from each different farm to the actual producer.

Mr. WILLIAMS: Now we are into an administrative problem in respect of paying or setting a price f.o.b. factory as opposed to f.o.b. farm gate. To set a price for f.o.b. farm gate—I am speaking about the provincial government now because the federal government does not have this authority—would mean that they would have to have some type of pool hauling charges so that everybody in the country was assessed the same haulage charge whether the actual cost was 5 cents or 50 cents.

Mr. MOORE (*Wetaskiwin*): Well it is not that I did not understand what was being done by the government; it is just that I wanted to hear you say it.

Mr. DANFORTH: Mr. Chairman I did not quite finish my questioning in this particular area. Mr. Williams made the statement that it was impossible to guarantee under the administration of this that every producer would received

the price outlined as the minimum price by the Stabilization Board, and I appreciate that. But is it not true that under the administration of the Stabilization Board as such, by taking the average price received by producers, that the board can, by taking the difference between the average price received and the price as set out by the board and paying the difference, make absolutely sure that the average price is the price as outlined by the board?

Mr. WILLIAMS: That is correct, yes.

Mr. DANFORTH: Is it not true that in this particular instance the board is not establishing an average price for the dairy industry. The board is assuming that the average price will be \$3.25 and has already named the payment it will make as 85 cents minus 10 cents which is 75 cents.

Mr. WILLIAMS: That is correct.

Mr. DANFORTH: And, under this administration it cannot guarantee that the average price will be \$4. Is not the major difference in this policy that it is not establishing the average price but it is going on the assumption that the average price will be so much. Therefore if the average price is \$3 the price as set out by the Stabilization Board cannot be \$4 but will be \$3.75, the average price received by the dairy industry. Am I correct in this?

Mr. WILLIAMS: Under the Agricultural Stabilization Act the board, in order to stabilize the price of a product—at any particular level, is allowed to take any one of three actions. The first action is that it may purchase an agricultural commodity at the prescribed price. This is the support that is presently being used for butter, as part of the combined support. It may pay to producers of an agricultural commodity directly or through such agents as the board may determine the amount by which the prescribed price exceeds the price determined by the board to be the average price at which the commodity is sold in such markets and during such periods as the board considers appropriate. Now that is the deficiency payment that is in effect at the present time for eggs, where the board collects, during the marketing season or during the support season or period, information as to the average price received by all producers for the commodity under support, and at the end of the year pays the difference between this and the prescribed level. The third action is that the board may make such payments for the benefit of producer as the Governor in Council may authorize for the purpose of stabilizing the price of an agricultural commodity at the prescribed price. Now, it is under that section that this action for the support of manufacturing milk is being taken.

Mr. DANFORTH: Is not my original premise in this correct, that the difference between this particular action on the part of the department and the action in respect of a crop like soybeans is the fact that in the one instance the department has the definite knowledge of the average price the grower received and is able then to calculate the difference between that and the minimum price as established by the department and, by paying the difference, assuring the producers that the average price will be the one as stipulated; whereas, in this particular instance in the dairy industry the department is only assuming, and can only assume, that the average price received will be \$3.25 and that the subsidy, which is already prescribed as 85 minus 10, or 75 cents, will give the



producer \$4 as prescribed under the policy, and that the fact still remains that if the average price is \$3 instead of \$3.25 it is only possible then for the average price to be \$3.75 and it cannot be \$4 under the policy as it is presently administered. Am I correct in this assumption?

Mr. WILLIAMS: The statement you have made, Mr. Danforth, is quite correct with the exception of two points. The first is that under the deficiency payments program it applies on the average, not to each producer. Second, the board is not just assuming that \$3.25 will be paid; the board, as was announced by the minister is, through a purchase program, export assistance and so on, making it possible for producers to pay this amount. The minister pointed out very clearly that under the policy put into effect, it would be the responsibility of producers or their representatives to ensure that they get the \$3.25.

Mr. DANFORTH: But surely, Mr. Chairman, we are just splitting hairs here. You say that the government has made it possible to establish the \$3.25 price providing the producer is able to negotiate with his purchaser that this shall be the price.

The CHAIRMAN: No, Mr. Danforth that is not what Mr. Williams said.

Mr. DANFORTH: I would like Mr. Williams to clarify it.

The CHAIRMAN: All we are having is a repetitious questions.

Mr. ROXBURGH: Somebody else would like to ask some questions too.

Mr. DANFORTH: All right, Mr. Chairman. I will pass in favour of Mr. Roxburgh.

Mr. ROXBURGH: I am not asking questions; I am speaking for somebody else.

The CHAIRMAN: Mr. Moore has a supplementary.

Mr. ROXBURGH: After all, you take all morning, every day, Mr. Danforth.

Mr. DANFORTH: Well, Mr. Chairman, this is an important matter to the dairymen in my section and many other parts of Ontario. If it is not to Mr. Roxburgh, I will pass to let him present his problems but I am going to have this matter clarified if we sit here all summer.

Mr. ROXBURGH: Well all right, we can sit all summer. The Chairman clarified it for you. You cannot get any better answer than that and I do not know who you can talk to but a man who knows what is going on.

Mr. DANFORTH: I would rather have the witnesses answer my question than the Chairman.

The CHAIRMAN: I was only trying to clarify what has been said and I was just trying to stop repetitious questioning. If I understood what Mr. Williams said, they are buying the product from the processor which made it possible for him to pay the producer \$3.25 and there is no reason why he cannot with the amount of money the federal government was paying for the products, the powdered milk, butter and so on that they are buying. This was my interpretation of what has been said. Also, I would say, with regard to soybeans—and I think I have a right as Chairman to express an opinion because I am still a

member of the committee—we know and you know, Mr. Danforth, that if I sell soybeans for \$2.50 and say, this year, beans went for \$2.70 a bushel, if there was a deficiency payment even the person who sold them at \$2.70 would get the deficiency payment. If it was 10 cents a bushel he would get \$3.80 then for his beans and I would get \$2.64 for my beans. I do not mean we would all get the same price but we get a deficiency payment. I would say this, that most people do not think this is a fair type of system for payments because the poor man who has to sell his beans at market time certainly is not the one who gets the benefit of an increased market because he cannot afford to keep his beans.

MR. DANFORTH: Mr. Chairman, how does this have any bearing on my question?

THE CHAIRMAN: I do not know but you were using this terminology in your line of questioning.

MR. MOORE (*Westaskiwin*): I do not know much about beans but I would like to follow this up. What concerns me is the variation in the price received for manufacturing milk in different areas of Canada. In order to illustrate this I would like to present some figures. For example, in one area the price received for manufacturing milk is \$2.69 for 3.5 milk, add the subsidy on that 75 cents.

MR. WILLIAMS: Could you repeat that?

MR. MOORE (*Westaskiwin*): Oh, yes. The price received for 3.5 milk from a manufacturer is \$2.69 per hundredweight. When you add the 75 cent subsidy to that you get \$3.44 cents. I realize that haulage charges are not mentioned in the policy and need not be but at least we can arrive at the figure the dairyman receives by subtracting 20 cents a hundred and we arrive at the figure of \$3.24, and this is the final realized price after the subsidy has been received. I cannot understand why there is such a disparity between one area and another. I understand the realized price, say, in parts of Ontario or Quebec might be \$4.10; there is quite a difference. These dairymen, of course, were led to believe that they would receive \$4. In the same area, when you figure out what a cream shipper receives per hundred pounds, you arrive at the price of \$2.065 cents per hundred pounds when translated into a price for a hundred pounds of milk plus the 75 cents, and this comes to \$2.815. Now when you take these two figures, \$2.815 as received for cream and \$3.24 received for manufacturing milk, you are not even close to the \$4 a hundred. I do not remember any recommendation in the dairy policy that the producers should organize—I know they are not very well organized—to ensure that they receive a higher price so that in the end they may receive approximately \$4 a hundred. Now I think they should be told officially that if this is the only way they can arrive at it, they had better get busy and organize. Now I did ask if the minister would meet with the minister of the province of Alberta and after he had said that he would meet with the minister of the province of Quebec and the officials of Ontario, he said he had not been approached; in other words, he would have to be approached by Alberta but in some other provinces evidently the minister approaches them. I do not see the difference here but this was the answer I got.

MR. WILLIAMS: Well if I could just make it quite clear about the statement that was made in respect of producer responsibilities under the current dairy

rogram, and I am quoting from the press release of March 24, 1966 and a similar statement has been made in the farm letters that went out to all farms, "Mr. Greene stresses that the federal government has no authority to set prices that processors pay to producers. The government will be supporting the market to allow processors to pay the equivalent of \$3.25 per hundredweight to the farmer—but the farmer, through his boards and producer organizations, must still bargain for the best possible price from the processor."

Mr. MOORE (*Wetaskiwin*): I accept that but I say then he also has no authority to promise the dairymen \$4 a hundred as a realized price because it is impossible under this set up.

Mr. BEER: I want to ask a supplementary question, Mr. Chairman, in connection with the last question asked. I think the price arrived at was \$2.81. Is that correct?

Mr. MOORE (*Wetaskiwin*): \$2.815 is correct.

Mr. BEER: Then you have not added to that the value of the skim milk that could remain on the farm in the event of separating there. Is that correct?

Mr. MOORE (*Wetaskiwin*): That is correct, I have not.

Mr. BEER: So if that is 75 cents a hundred?

Mr. MOORE (*Wetaskiwin*): It varies from place to place. In some places it may be worth practically nothing; in other places more. It is only worth so much as feed.

Mr. BEER: Now have you added to that price or deducted from the other price the amount of money that the shipper must pay to have his milk transported to a factory? When we are only transporting cream we do not have to add transportation cost so you must either add to the value or deduct in either case. Let us say the average shipping cost was 35 cents a hundred which the shipper of manufacturing milk must pay. So, you either deduct that from the returns or add it to the return—

Mr. MOORE (*Wetaskiwin*): You do not because he hauls it himself.

Mr. BEER: This man hauls his own cream.

Mr. MOORE (*Wetaskiwin*): All these men haul their cream themselves.

Mr. BEER: So then you add it to the value actually or deduct it.

Mr. MOORE (*Wetaskiwin*): Deduct it.

Mr. BEER: Which it would come out to \$3.91.

Mr. MOORE (*Wetaskiwin*): Oh no, no.

Mr. BEER: Well this is not really the question I wanted to ask.

Mr. MOORE (*Wetaskiwin*): 20 cents a hundred; pardon me. Buttermilk can be purchased from this same source at 20 cents a hundred and buttermilk takes the place of skim milk.

Mr. BEER: Mr. Chairman, the question I wanted to ask, which was supplementary to the question asked by Mr. Danforth, was that I think in the



establishment of any policy we are interested in the general good of the whole industry. We all recognize that in trying to achieve the general good there may be certain areas in the industry that will benefit more than certain other areas. Mr. Williams, do you have figures that would indicate where we are going in this direction over, let us say, a five-year period, or a two-year period on the price that farmers receive for the milk at the farm, if you like, for all dairy products; in other words for the milk shipped by farmers over a five-year period and the anticipated price for 1966 based on this policy. Is that available? This would reveal to us the general direction in which we are going as far as this policy is concerned, recognizing that there are bound to be certain little areas where they will not benefit to the same extent that they do in the industry generally.

Mr. WILLIAMS: The average farm value as recorded by the Dominion Bureau of Statistics for manufacturing milk at the farm gate for 1965 was \$3.06; for 1964 it was \$2.77; for 1963 it was \$2.67; for 1962 it was \$2.64; for 1961 it was \$2.68, and for 1960 it was \$2.70. That is as far back as I have figures with me at the moment.

Mr. BEER: So we would be justified in assuming that we are going in the right direction, recognizing that there may be little areas where the benefit may not be equally distributed. Is this correct?

Mr. WILLIAMS: I think that is right, yes.

Mr. ÉTHIER: Mr. Williams, there is something I do not understand since the 1966 dairy policy was announced. I cover two large ridings mostly made up of dairy farms. The average price that was paid, if you take it back from last year to the first of April this year, was between \$3.35 a hundred to \$3.50 a hundred if you compare quality. When the policy came out this year, it promised the farmers 75 cents a hundred. Mr. Danforth has tried to establish that we promised the farmers \$4 and that was not so. It was well explained in the communiqué that we have no power over the processors but it is still available to them so they could not pay less than \$3.25. What I have against that policy now is that it seems some processors are using all kinds of schemes. There are four strong rural ridings, which carry on mostly dairy farming in eastern Ontario. As soon as that dairy policy came out they got a letter from the cheese producers marketing board which is now, I believe, administered by the milk producers marketing board in Ontario. All processors got a letter, stating they could pay a minimum of \$3.25 a hundred, a minimum. Now they show that letter to the farmers and say "We are not allowed to pay more than that". In many cases they swing the farmers, which have grade A milk, to grade B milk and cut them 10 cents a hundred. In some instances there is the transport over which we have no jurisdiction. Is that happening, Mr. Williams, all over the country or is it only in my area?

Mr. WILLIAMS: With regard to the question of the minimum paying price the Ontario government had a minimum paying price before that which was \$3.21 but, as you point out, Mr. Éthier, the plants were paying considerably over the minimum price previously. You asked whether this was happening in other areas. I cannot answer that categorically. Certainly the reports that I receive

indicate that the paying price that processors are paying producers is lower this year than it was last year.

Mr. ÉTHIER: In other words, the processors are against the bonus we are giving to the farmers now directly, and we have no jurisdiction, I understand, over them. I think that is one of the reasons Ontario farmers are going to block the roads: they are trying to get the provincial government to take action on that. But I do not think we have any jurisdiction at all.

The CHAIRMAN: Mr. Éthier you did not make it clear where the letter came from that the processors received.

Mr. ÉTHIER: From the marketing board administered by the Ontario government. The processors are using that letter to fool the farmers. They show it to them and say we cannot pay more than \$3.25, so they cut their price from \$3.85, \$3.50, \$3.40 to \$3.25. Now, there is another law that is pulling against the farmers, they cannot change plants, if they do not ship first quality milk. As soon as they find out that one farmer is not satisfied with his test or with his price—they know that, of course, because they chew the rag a little bit—they transfer this farmer. Well, it is tough when he cannot get permission to go to another plant. So, that cuts the competition in each riding in the rural areas. I do not blame the farmers at all for what they are doing in Ontario now. It is too bad but they have to do that. I think every member of the committee here will admit that in the last three years the direct bonus from the federal government has increased by 300 per cent. They were getting 25 cents a hundred and now they receive 75 cents. I do not think we should make an issue, in the committee, about the federal government and about the promises to the farmer. I know I explained it. I had a communiqué on this and we have no control over the processor.

Mr. WILLIAMS: In further explanation of what I said about, in general, the paying price to the producer being lower this year, I think, in all fairness, I must say that the basis on which the processor can price his milk has changed between years. Last year butter and powder, if I could take one example, was supported in three ways. We purchased butter at 55 cents a pound. We made a payment to producers of 10.9 cents per pound of butterfat and powder prices were approximately 15 cents. Now that was the basis on which he could pay whatever he did pay last year for milk, butter and powder. This year the basis is 18 cents, powder and 59 cents, butter with no 10.9 cent payment.

Mr. BEER: Mr. Chairman when I corrected my earlier question and Mr. Williams gave us the figures I also asked what would be the estimated price that farmers will receive in 1966 for all milk? Would you have an estimate?

Mr. WILLIAMS: Our estimate is \$4.

Mr. BEER: It is \$4.

Mr. MOORE (*Wetaskiwin*): I would like to know what milk is included. This is just manufacturing, This has nothing to do with distribution milk. Manufacturing milk will be \$4.?

Mr. WILLIAMS: Manufacturing milk.

Mr. MOORE (*Wetaskiwin*): Not cream?

Mr. WILLIAMS: No, no. Milk for manufacturing purposes which concerns butter and powder, concentration and cheese.

Mr. MOORE (*Wetaskiwin*): This goes back to my original question. I cannot understand if you arrive at an average price of \$4 throughout the country why it would be as low as \$3.44 in one area. It must then be \$4.56 in another area of Canada and yet these all go on the same market. Do you see my point? I am quoting figures.

Mr. WILLIAMS: Oh very definitely. For example, last year the national weighted average was \$3.32 cents but there were many places where people received \$3.60 so, obviously, in some other places they received considerably less than \$3.32.

Mr. MOORE (*Wetaskiwin*): Could Mr. Williams give us an idea where those depressed areas are? The whole of western Canada is one.

The CHAIRMAN: The depressed areas where they are not going to receive that much money?

Mr. JORGENSEN: Is there a pattern which is evident to you in those areas where prices are lower than in other areas?

Mr. WILLIAMS: I would have to say they are not, in general confined by geography. They are delineated by the degree of competition for the producers' milk. In areas where he is remote from a processing plant and where the number of plants to which he may ship is very limited, in general, those are the areas where prices are lower.

Mr. MOORE (*Wetaskiwin*): This milk, related to the figures I quoted, is six blocks from one plant and a mile from another, so it would not apply in this case.

Mr. FORBES: Mr. Chairman, my question is along a little different line. It is in connection with the grading of cream when a farmer takes his cream to a creamery. Now, they use the term government grade. Does the government pay this grader in each creamery all over the country and if so, do you recover any of that payment or is this a further form of subsidy to the dairy industry?

Mr. WILLIAMS: Cream grading is entirely a provincial responsibility. The federal government does not pay graders nor do they have graders in the field.

Mr. PETERS: Mr. Chairman, I think we are all concerned with this particular problem and we may be unfair to Mr. Williams in the questioning that we are pursuing perhaps because of the confusion in the whole field. It is a fairly confused field and, I think, even Mr. Williams will agree. There is such a difference, for instance, with cream; whether it is separated on the farm or separated in the factory means a different payment, so far as the farmer is concerned. In Ontario, the Ontario government I presume, has done what the Stabilization Board would like everybody to do, that is, to establish a base price of \$3.25 which makes it almost mandatory that you arrive at \$4 if it is number one milk. It makes it \$4 because we add the 75 cents.

The CHAIRMAN: If it tests 3.5.



Mr. PETERS: Yes, if it tests 3.5. I am in complete agreement that the transportation cost incurred by the producer is not the responsibility of the federal government. We cannot get into that. We may not arrive at a \$4 figure in Ontario and I disagree with Mr. Williams in that it is going to be higher in certain areas. I think we have always found in the past that our floor price also becomes our ceiling. There is, with exceptions, a tendency to level the price off in that range. I presume your jurisdiction or responsibility goes much further than just the Stabilization Board. In establishing the dairy commission, which I presume is going to operate in conjunction with marketing agencies in the provinces, how far have we advanced in developing in other provinces the same type of policy that will establish the \$3.25. In other words, while there may be a provincial jurisdiction, I think the federal government has a responsibility, if possible to encourage the establishment in each province of a base of at least \$3.25. How far have we gone in this field in provinces other than Ontario?

Mr. WILLIAMS: Is the question, Mr. Peters, how far have we gone in discussing with provinces their ability to set \$3.25 or to set up boards and so forth that would have that authority?

Mr. PETERS: Yes, if the price to the producer hinges on provincial responsibility to establish a base price of \$3.25. Now Ontario has done this and I agree with Mr. Éthier that it has not really arrived at a \$4 price; it is a little bit like the mutton grading business because when the producer is faced with a change he quite often finds his grades suffer—when he has had 80 per cent number one he then finds himself with only 40 per cent number one and number two and number three are predominant. It may not be accomplished entirely but, obviously, we must have set up the dairy commission—I just forget what we call it that we just set up—on a national basis to work in conjunction with the provinces. We must have been working toward this as a national policy. I am curious to know what negotiations had taken place before we arrived at that policy?

Mr. WILLIAMS: I think that in the development of the program the ability of provinces to enforce this legislation was discussed and, in general, I think I would have to say that the negotiations because of the lack of authority in some provinces—that is, under their own legislation their boards tended to be negotiating boards rather than the type of board which exists in Ontario—did not prove to be as fruitful as one might hope and, as you point out, this will be one of the major functions of the Canadian Dairy Commission. As pointed out by the minister, when he introduced the legislation, one of its major functions would be to work very closely in co-ordinating provincial activities in this area.

Mr. PETERS: Would you say there has been some favourable development in this field since we passed the legislation for the establishment of the Canadian Dairy Commission?

Mr. WILLIAMS: I do not think that I could say that since it has been passed there has been any development.

Mr. PETERS: Could I ask the question in reverse then. Are any of the provinces opposed to making amendments in their legislation to see that this can be done.

Mr. WILLIAMS: I know of none but there may be those. I may say that prior to the development of the legislation for the Canadian Dairy Commission there was a national committee on which provinces were represented. The formation of a national dairy commission or the Canadian Dairy Commission, the functions essentially along those lines covered by the legislation, was a recommendation of this committee on which provinces were represented. They had approximately one-third of the representation; there was the trade, the producers and there were provinces. There were five provincial representatives. There was not a representative for each province but each province was represented. I believe the breakdown was a representative for the Maritimes, one for Ontario, one for Quebec, one for Manitoba and Saskatchewan and one for Alberta and British Columbia.

Mr. MOORE (*Wetaskiwin*): On a government level, sir?

Mr. WILLIAMS: Yes this was a provincial government employee.

Mr. PETERS: Could I ask one last question along this line. Is it the intention to pursue this? It would seem to me that if we cannot assure through provincial legislation the \$3.25, we may find ourselves in serious difficulty by stabilizing products possibly on a very unequal distribution in some provinces at a much higher level than other provinces, unless we can get uniformity of the base, which really is a provincial base.

Mr. WILLIAMS: I think producers and producer groups will assume a great deal of responsibility for pursuing this matter.

The CHAIRMAN: This is the report of the Canadian Dairy Advisory Committee and it has a lot of answers to this suggestion. You should all receive this in the mail today. I should like to comment that I think the general opinion, Mr. Peters, of farmers and farm organizations is that the control of these products, should become more nation-wide; completely, as far as that goes. This is evident from all the briefs I have read which have been presented by them.

Mr. PETERS: I agree with this. I agree that it should be and we are subsidizing the end product through the Stabilization Board. We are making a direct subsidy on a national level to all secondary milk producers. Yet, we really have no control over what happens in certain areas, unless we have some control over this, the disparity in the amount of money that is going to have to be subsidized is not going to be equalized. It is going to be more in one province than another and this creates in my opinion an advantage for certain processors that is not in the interests of the stabilization policy. I do not think it is in the interest of the farmers either, so this is why I asked if we were pursuing this. I think we have a responsibility to pursue it.

The CHAIRMAN: I think this should be one of the committee recommendations sent to the House.

Mr. RICARD: If I understood correctly, Mr. Éthier, a certain processor would be depriving the producers of between 10 and 15 cents, I think, per hundred. In some cases, as Mr. Éthier said, more than that. Does the federal government have any jurisdiction or authority to correct this situation?

Mr. WILLIAMS: No sir. So far as the board is concerned, it is the board's opinion that the only alternative would be to say that unless plants pay such and such an amount the producers will get no subsidy—in other words, make it a condition of payment—and it was the opinion of the board that this would be a completely untenable situation, that the plant would then have the prerogative of being able to deprive the producer of the federal subsidy. What I am really saying, Mr. Ricard, is that the board could issue an order saying that unless a processor pays the minimum of \$3.25 for his milk producers delivering milk here will get no subsidy. This is the only form of—it is not authority; it is coercion, and we do not believe it would be desirable or workable.

Mr. PETERS: It is very complicated.

Mr. RICARD: In other words, there is no direct authority to correct such a condition or situation right now?

Mr. WILLIAMS: Not with the federal government.

Mr. RICARD: Under whose responsibility does it lie?

Mr. WILLIAMS: The provincial government has authority.

Mr. RICARD: Then it is up to the provincial government to correct this situation if it is brought to its attention.

Mr. ÉTHIER: I have one supplementary question. In the rural areas the Ontario provincial government controls the permits for delivering milk. There cannot be more than one permit in a rural area, so far as I know, issued by the provincial government. But yet, they are handing out between 3 and 10 permits to gather the milk from the farms. On some concessions will be 10 farmers and there will be 12 trucks to go and pick up that milk. Then they tell the farmers that will not cost them more than 5 cents a hundred to come five miles and get the milk. Of course, the farmers think so but the processor has got to get the money someplace. That truck driver is being subsidized by the processor, and where does that money come from? The processor has no machine to make money. He is making money by processing dairy products. So that is a provincial matter over which we have no jurisdiction and we must have co-operation from the farmers themselves. But it seems that everybody is trying to mix up the cards. The processors right now are making the farmers believe that we promised \$4 a hundred and that was false.

Mr. JORGENSEN: Notwithstanding Mr. Éthier's protestations of innocence in this matter I want to ask Mr. Williams if the federal government was aware of this limitation in their authority before they established the present dairy policy?

Mr. WILLIAMS: Very definitely and the minister announced it when he announced the policy.

Mr. ÉTHIER: He included that in his statement, did he not?

Mr. JORGENSEN: Well then certainly, if he was aware of it and did make the statement, and I seem to recall that he did, it was, of course, misleading, to say the least, to attempt to convince farmers that in effect they were going to have



a \$4 minimum price on their milk when he knew full well that this was not going to be the case.

Mr. ÉTHIER: He did not know it was not going to be the case. Nobody ever expected that the processors would cut down their prices like that.

The CHAIRMAN: I think we understand what is going on and what is being said. I think we all understand that the processors are in the position to pay this much money for the milk if they so desire. Until someone takes steps to force them to do it there is nothing much that we can do. We could pay them a \$3.90 subsidy and they could only pay 10 cents if they wanted.

Mr. MOORE (*Wetaskiwin*): I have a non-controversial question which is purely for information. I would like to know, Mr. Williams, what percentage of applications for the 75 cent subsidy have been received from shippers of manufacturing milk?

Mr. WILLIAMS: We do not have applications from the shipper himself. The shipper registered through the plant. The latest report I had which, I believe, was yesterday or the day before yesterday, was that there are only four plants and they are relatively minor plants, where we have not got complete details for the first period.

Mr. MOORE (*Wetaskiwin*): This is to assist us when we have inquiries. Has the first payment gone out in any quantity? Although they were to be paid each month, I realize there was a delay at the start and I realize the reason for it. However, have most of the first payments gone out as of this date?

Mr. WILLIAMS: The very great majority have gone out for the first payment for manufacturing milk shippers. No payments have gone to cream shippers or surplus fluid milk as yet.

Mr. MOORE (*Wetaskiwin*): No, I understand that.

Mr. WILLIAMS: The scheduling is such now that in the second week of the month following the month in which the milk is delivered the payment will go to manufacturing milk shippers. In other words one month is allowed for the plants to get the returns in and then about two weeks allowed for the processing of the claims by our data processing and the issuing of cheques from the comptroller's office.

Mr. MOORE (*Wetaskiwin*): Well that is understandable and is commonsense. Now, what about the fluid milk shippers? I understand from the announcement they were to be paid each month too.

Mr. WILLIAMS: They will be paid each month and when the announcement was made it was indicated there would be a delay and this was included in the ads, I believe, to set up a registration system. We believe that registrations have, essentially, been completed and the present stage is that of pre-listings. Now, a pre-listing is simply that our computers print a list of the registered numbers of the shippers delivering to a particular plant. A big long list goes out with headings in it, and down the side the registered number, the shipper's name and other information. This goes to the plant; the plant then fills it in and sends it back to us. These pre-listings have gone to the fluid milk receivers in most cases. Now there are some cases, once again, where difficulties have been

encountered in the returns from these plants because we cannot make up a pre-listing; we do not know who ships to anybody until the plant tells us. So they send us a list to start with and then this goes on the programming of our computers. The computers then print the list in each subsequent month. When the plant submits a claim it adds to the bottom of the list any names of new shippers and it deletes old names, and the list they get the next month reflects these changes they made in the previous month.

Mr. MOORE (*Wetaskiwin*): To answer an inquiry, when do they expect the first payment to go out provided everything else is in order?

Mr. WILLIAMS: I believe—and I would want to check on this, I am afraid—the first payments for fluid milk shippers are scheduled either for the end of this month or the first of next month. I could check on that and let you know privately.

Mr. MOORE (*Wetaskiwin*): I would like the information if possible because I have had inquiries.

The CHAIRMAN: Before we go any further I would like to inform the committee that Mr. Williams has to leave shortly because he has another meeting this morning.

Mr. ROXBURGH: I would just like to ask Mr. Williams one question. There seems to have been, on behalf of the farmers and so on, a lot of beefs by the opposition this morning. Mr. Williams, has the government received any complaints from any milk producing organizations on the price of the \$4 milk as quoted at the factory. Have you received any complaints from the producers themselves?

Mr. WILLIAMS: I cannot speak for all of the government, obviously. To my knowledge, however, there have been no complaints that have specifically said that the \$4 level is not an adequate level. There certainly have been complaints. The complaints have been in the nature of those which have been voiced here this morning, namely, that I am not getting \$4 or my group is not getting \$4. But I do not recall one that said the \$4 level is not an adequate level.

Mr. RICARD: May I say to Mr. Roxburgh that you just have to read the last issue of *La Terre de Chez-Nous* and you will find out right there that the farmers are not satisfied with the dairy policy of the government.

Mr. ASSELIN (*Richmond-Wolfe*): They are not satisfied, you say?

Mr. RICARD: No.

Mr. ÉTHIER: They do not know who is to blame, Mr. Ricard, eh?

The CHAIRMAN: Order, please. Order.

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, I would like to suggest that also in *La Terre de Chez-Nous*, they do not blame the federal government for this.

The CHAIRMAN: Order, please. I think that we are all here with one concern, the betterment of agriculture. I think we should keep this most prominently in our minds.

Mr. RICARD: That is what we are doing.

The CHAIRMAN: I hope so.

Mr. PETERS: I just wanted to follow up Mr. Moore's question about the manufactured milk payment. How far has the department been able to develop the program of making monthly payments to the cream producers, who have shown some concern that they are on a quarterly basis when the others are on a monthly basis.

Mr. WILLIAMS: Well, as I indicated earlier at this meeting, we have not been able to make any estimate at the present time because we have not completed a cycle of payments to cream shippers at all and we will not know until we know how the first cycle goes. We have not had returns from plants yet. The pre-listings are going out and until such time as a cycle is complete it is impossible to estimate.

Mr. PETERS: Once a cycle is completed then it would be fairly simple through computer to move it up to a monthly basis rather than a quarterly, would it?

Mr. WILLIAMS: It will not be difficult for us. It will represent a great many more cheques having to be issued but, of course, this is a question of volume and not of administrative difficulty as such. It will cause problems back at the creamery in that they will have to put in a report each month rather than a quarterly report. However, I do not envisage any difficulties, shall I say.

Mr. PETERS: It is your intention to do this in answer to the cream producers' associations?

Mr. WILLIAMS: I think the minister has indicated that every effort will be made to shorten the claim period for cream shippers as quickly as possible.

Mr. PETERS: We should not be guided by the fact that monthly cheques are more expensive than quarterly cheques.

Mr. WILLIAMS: I did not indicate that was the case. You asked what the difficulties were; these are some of the problems.

Mr. PETERS: No, no. I would think that as long as the intention is to do this, if it is possible, it would probably be satisfactory.

The CHAIRMAN: We will have to excuse Mr. Williams at this time.

Mr. FORBES: I have one short question before you leave. Can the producer not send in his own cream stubs and collect without the creamery operator being involved with all the bookkeeping?

Mr. WILLIAMS: Under the present program, no sir.

Mr. FORBES: It has to come from the creamery?

Mr. WILLIAMS: Yes sir.

Mr. FORBES: I have had some complaints from creameries saying that the government is involving them in a large amount of bookkeeping. I thought if the producer could send in his own stubs this would avoid this complaint from the creameries.



Mr. MOORE (*Wetaskiwin*): At one time these payments were paid directly by the factories involved and they, in turn, collected from the federal government. Is this not correct?

Mr. WILLIAMS: It was a payment that was paid only on cream used for butterfat. It did not go to all producers. It was a payment made only on butterfat.

Mr. MOORE (*Wetaskiwin*): Was not a subsidy of 25 cents a hundred on manufacturing milk paid in this manner at one time?

Mr. WILLIAMS: That is correct, on certain types of manufactured milk.

Mr. MOORE (*Wetaskiwin*): Thank you.

The CHAIRMAN: We will have to excuse Mr. Williams now. We have several other things we can carry on with. Mr. Payne is here on poultry and if anyone has any further questions on the stabilization of poultry products, they may put them at this time.

Mr. MCKINLEY: Mr. Chairman, I have one question on this. We have established the way that egg prices and so on were set the other day. However, because of the success of the broiler marketing board in Ontario there is a lot of anticipation that they may be moving toward an egg marketing board and a quota system for keeping hens. I was on the marketing board in Ontario for some time. Would it require any additional federal legislation to let them do that or would it be merely a vote of the producers that would set that up? Do the producers have to have a vote?

Mr. FRANK PAYNE (*Chief, Merchandising Section, Poultry Division*): This, of course, is again, a provincial jurisdiction matter. However, my understanding is that they already have a fowl and egg marketing board in Ontario. Now to get additional powers to control the marketing of eggs they would have, I understand, to go back to the producers in Ontario for another plebiscite. They already have a board now but the authority of the existing board for eggs in Ontario is only to promote research surveys and so on and to make deductions. They would have to go back for another plebiscite to control the marketing of eggs.

Mr. MCKINLEY: And to do that they do not need any further federal legislation at all. Thank you.

The CHAIRMAN: Has anyone else a question on eggs?

Mr. JORGENSEN: After the stern lecture that was delivered to us on decorum by Mr. Roxburgh it is with some trepidation that I venture to embark on another line of questioning. There has been something which has concerned me regarding the support price on eggs. At the time the present system was put into effect the marketing of eggs was carried on in such a way that we were led to believe that the present system of deficiency payments was the best method of applying a support program. However, shortly after that the chain stores adopted a different policy toward marketing eggs by stating that fresh eggs, as advertised in the store, had to be fresh eggs. This pretty well prohibited the movement of eggs interprovincially. You will recall that there was at one

time a considerable movement of eggs from western Canada into the eastern market. It was on this basis that we thought the deficiency payments system would work. But, when chain stores refused to accept eggs which were more than two days old it was almost impossible to gather, to transport and deliver eggs to the eastern markets in that length of time. As a consequence, the application of the deficiency payments system has been most unfair. In the prairie provinces, for example, where egg prices range anywhere from 10 to 15 cents lower than on the eastern market the establishment of a national average gave a price in excess of the national support price to the eastern producers while, at the same time, in the western area, despite the inclusion of the deficiency payment, their price did not come up to the level that was prescribed by the Act. There has been some agitation for the establishment of a regional pricing system. Here again, I do not like to remind members on the government side of some of the promises they made but I wonder if they would care to deny that they did advocate that they were going to set up regional pricing of eggs.

Mr. ÉTHIER: That was not promised in my riding.

Mr. JORGENSEN: You did not have to promise it here. Furthermore they said they were going to pay them on a quarterly basis. Now I wonder if any action is contemplated along these lines. That is one answer I would like to have.

Second, I was wondering if any thought had been given to the changing of the system. It seems to me that the application of both the offer to purchase and the deficiency payment system might overcome this difficulty. One of the problems, of course, is surplus production in certain areas. It is always difficult to adjust production patterns to meet effective market demand. I wondered if the offer to purchase system could not be implemented on a limited basis; let me put it this way, if the government would say to the producers: we will take off the market under an offer to purchase system at a prescribed price a certain quantity of eggs to allow for that discrepancy that would naturally arise because it is impossible to produce precisely the quantity of eggs you require. You are going to have over-production periods but you may also have under-production at other periods. So if the government would offer to take off a certain quantity of eggs this would enable the producers to have some margin upon which to operate. In this way you would not have the situation where if there is one egg less for breakfast than you require the price would shoot way up and if there is one egg more the price would shoot way down. This would give some stability to the pricing structure across Canada. Then after you had reached that certain level of production—in other words, you are giving the producers an opportunity to plan production so it would not be in excess of effective market demand—you could say: well now, we have taken off as much as we possibly can under this system and we are going to allow the deficiency system to operate now. Is there a way this could apply? In your opinion, Mr. Payne, do you think this could work?

Mr. PAYNE: Well, Mr. Jorgenson, you appreciate the fact that I cannot answer your policy question. I work on the administrative end of this.

Mr. JORGENSEN: I mean from an administrative point of view. I am quite aware of this and I do not want to put you on the spot.

Mr. PAYNE: I can give you one or two interesting examples of what happened. When the Stabilization Board bought eggs back in 1958, 1959, it was my duty to get rid of those eggs for them. In one year, 1959, we had one million cases of eggs on our hands and we were selling them in every direction we could to get rid of them. Now today this is even more difficult. The world market is pretty well saturated with eggs and no matter where you put your level of offer to purchase someone is efficient enough to produce at a profit at that level and it becomes an incentive. It has to be very low not to be an incentive. The minute you create a purchase situation it becomes an incentive and then you get eggs building up. With respect to the regional aspect of deficiency payments, this matter has been brought before the board before. The same thing applies here with eggs as you discussed this morning with milk. True, when you take a national average there are some areas in which a producer can actually get more for his eggs than in other areas. When you pay a deficiency payment they all get it. The matter of whether it should be or should not be on a regional basis gets into the policy area. With regard to the movement of your Manitoba eggs, they are still moving, Mr. Jorgenson, and moving well. Manitoba eggs are being marketed in Montreal daily and they have a pretty good hold on the northern Ontario market.

Mr. JORGENSEN: I understand this is happening now and I think largely it is result of Reimer Express Lines.

Mr. PAYNE: This helps but the basic reason is that just a few years ago the egg grading stations in Winnipeg moved from the old candling lamp into the mass candling, washing and fast handling of eggs on a mechanized basis, to a position where they could compete with what was going on in other areas of the country. They are competing very well today.

Mr. SCHREYER: Mr. Payne, in your answer to Mr. Jorgenson you said that no matter at what level the purchase program were put into effect there would be certain producers who, because of volume, could make a profit at that level. Would not the policy incorporating support on only basic volumes, take care of that problem?

Mr. PAYNE: I did not say because of volume. It is because of efficiency. I do not think I understand the second part of your question. What you are suggesting is that we just purchase part of the producers' production? If so, here again you come back to the same problem discussed this morning in the fair aspect which is that under the terms of the Act they cannot purchase the eggs from the producers. They purchase them from the grading station.

Mr. SCHREYER: It still could be worked out that the support would be only on basic volumes of production. Could it not be worked out through the processor? I take it that what is involved here is that a higher support level would mean increased production.

Mr. PAYNE: It would mean surplus eggs.

Mr. SCHREYER: But that is only if it were paid without regard to a policy which would cut it off at a certain basic volume for producers.

Mr. PAYNE: I am sorry I failed to get your point. What would be the point in a government buying part of a producer's eggs. He has to sell them all. Is it



not better to operate in an area of deficiency payments? You cannot very well buy part of each producer's eggs. It is rather interesting to note there are literally thousands of these producers that do not even qualify for the maximum deficiency payment.

Mr. SCHREYER: Well the reason I was thinking along this line is, to start at the beginning, what is the point of a price support program in the first place? It is to provide the producers with a certain return, a certain guarantee of return. The fear is that if support is at too high a level it will be too much of an incentive and we would then be faced with surplus production, which the board will not be able to cope with. Therefore it seems to be logical to think in terms of a program which would provide a guarantee to a certain level to egg producers without encouraging larger and larger production by a few large scale producers.

Mr. PAYNE: A guarantee of deficiency payments in cash or a guarantee of what the government should purchase? You say the government should purchase the producers eggs?

Mr. SCHREYER: Well yes, there should be an offer to purchase program to support the level.

Mr. PAYNE: Well I have operated the mechanics of this thing for some time and I fail to see how the mechanics could be operated. A grading station takes in eggs from 100 producers. Some producers may only bring in 30 dozen or, in a year, he may only sell him 100 dozen. You cannot very well buy that particular 100 dozen and 5,000 dozen from someone else, if this is your maximum. The mechanics of it I fail to recognize.

Mr. SCHREYER: Well I am not too sure of the mechanics of it, of course, and the administration of it; but the concept, at least to my mind, seems to be a good one. I do not doubt it would be difficult to administer.

Mr. PAYNE: I think we should bear in mind one principle which was enunciated here this morning in the dairy aspect of this and it is the same with eggs, that we cannot buy from a producer. They buy from the end product when it has been graded. These eggs come in as an ungraded product. Once they are graded and set up as a graded product then they can be purchased.

Mr. ASSELIN (*Richmond-Wolfe*): I would just like to mention here that we have had, I believe, approximately 30 meetings of the agricultural committee. We have had very fruitful meetings and I believe we are now at the stage where we are repeating ourselves. I believe we have discussed the situation of eggs three times during these committee meetings. This question that has been mentioned to date has been discussed twice in the House on private members bills. For these reasons and also because of the fact that we may be adjourning for a summer recess very shortly I would like to move right now that the question be put, I have a seconder to that motion.

The CHAIRMAN: I think if this is the feeling of the committee, there is something I would like to point out first. It does not mean, if the House does adjourn, we cannot proceed at a later date when the House comes back in session because supplementary estimates can be brought before the committee. I

discussed this with the minister and he sees no reason these supplementary estimates cannot be brought before the committee in the fall again. We have several things that at the present time could probably pass, namely items 15, 20, 25, 30 and 35 of the estimates of the Department of Agriculture for 1966-67 fiscal year. We have spent more time on stabilization and farm produce division than any other part of it. I went over the printed and unprinted deliberations. We do run into a certain amount of repetition; there is no doubt about that. We have worked out a subcommittee report which as yet has not been approved by the steering committee. It would have to be approved by the steering committee and then submitted to the House. I think that we could go on and on and on—there is no doubt about that—asking all kinds of questions but I think it would probably do more good if this committee submitted a strong report to the House at this time before we adjourn, and passed these estimates. We do not have to pass item 1 until the subcommittee's report has been studied by the committee, in camera, and we could pass item 1 at that time.

Mr. DANFORTH: Mr. Chairman, on a point of order, I take the strongest exception to the fact that there is an attempt to curtail our questioning on the agriculture estimates. This is not done in the House and it is my understanding that the committee, when dealing with estimates, would work under the same rules as in the House. Now I have requested before that I be allowed to ask questions on this entire egg structure which I am very interested in. I have been requested by the industry to do this. I wish to deal with the change in methods of the pricing and the establishment of the stabilized price for sugar beets, a question which has never been brought up in this committee as yet. I have been requested to deal in the greatest of detail with the dates—

The CHAIRMAN: Mr. Danforth, sugar beets were discussed at length by Mr. Olson and other members of the committee.

Mr. DANFORTH: Mr. Olson requested that he be furnished with a duplicate of the old and new method of pricing which I am most interested in. I wish to go into the field of the dissemination of the information from the department, dealing particularly with information put out with regard to stabilized prices and the methods by which they are arrived at. These are subjects that have not been discussed and as a member of this committee I demand my right to have this opportunity.

The CHAIRMAN: I would like to say that as a member of this committee who has checked the minutes, if every member had exercised his right as much as you have we would require 300 meetings.

Mr. JORGENSEN: It seems to me there is a total lack of comprehension of the function of this committee on the part of the members of the government side. The purpose of an opposition is not just to sit here and pass the estimates. Our job is to examine them. I would like to do that as fully as possible. This is the first time in history that I recall the estimates of the department of Agriculture have been referred to a committee. It has been a good experience for members to have the officials appear before us and give answers to these questions. I thought there was something funny about the number of Liberal members which came into the committee this morning. This is unusual. Mr. Asselin

mentioned we had 30 meetings but failed to mention that most of the time we were waiting half an hour and more for Liberal members to appear in this committee so we could begin our questioning and get started.

Mr. ASSELIN (*Charlevoix*): Mr. Chairman, I take objection to that.

Mr. JORGENSEN: All of a sudden they come in here in force and remain throughout a committee meeting, which is something unusual as well. Now they want to apply the guillotine to the operations of this committee. I must say that I am going to dissociate myself from that sort of activity.

Mr. ROXBURGH: No one is trying to do anything like that. Certain suggestions have been made. I have been away because I was away on a tour. Up until that time I came to the meetings. Everyone has their rights. Mr. Asselin expressed the opinion that we had discussed things fully enough and that these could be re-discussed after the recess. However, so far as I am concerned, no person needs to make any statement about not receiving the full benefits from these committee meetings because, so far as I am concerned, in any committee I have ever been on, no one has tried to cut anybody off from anything. Mr. Danforth mentioned certain things. I have been able to make up my mind. But, as I said a suggestion was made, and, if it is not satisfactory, we will continue. So what?

Mr. WATSON (*Châteauguay, Huntingdon-Laprairie*): Mr. Chairman, I think one point should be made. This is the first time, as Mr. Jorgenson has pointed out the committee has had the opportunity to examine the estimates of the Department of Agriculture. We have, in a sense, been breaking new ground these last 30 meetings and we have, I think, learned some methods of procedure which we should follow in the future. I think it is worth while pointing out that we have been repetitious to a degree. Those who object to this repetition are quite justified in making their objections. In the future, when we sit on estimates again next year, in this committee, we should try and work out—perhaps the steering committee could—some sort of procedure to avoid this repetition and to try to limit statements from members. We tend, I think to have long statements from members of the committee, followed by a very short question. My understanding is that we are supposed to be questioning officials of the department, not making statements ourselves. It seems to me a good percentage of our proceedings have been taken up with statements by members of the committee followed by very short questions.

Mr. JORGENSEN: On that point, Mr. Chairman, I think the procedure you follow in this committee is one you would follow if you were in Committee of the Whole. This is nothing more than an extension of the Committee of the Whole and if Mr. Watson will check *Hansard* he will find that this is the very procedure they use in the House of Commons. Members are prone to make statements. They have observations they would like to make and I do not think they should be denied from doing so just because we have the officials before us. I do not think our observations should be limited to simply asking questions. I think it should be a little bit more than that. I am sure you will agree with that.



However, I quite agree with Mr. Watson when he said there has been repetition, and a great deal of that repetition has been as a result of the fact that a good many members belong to more than one committee. On many occasions I have been in this committee and pursued a line of questioning and received answers and had somebody come in from another committee and ask the same questions all over again. The difficulty is not entirely within the committee itself. It is the whole system of committees. If there is going to be an elimination of this problem then we must look at the whole committee structure and in the future instead of waiting three or four months after a session starts to refer the estimates to a committee, they should be referred immediately and then complete the examination of one committee and then go on to another one so you do not have all committees meeting at the same time.

The CHAIRMAN: Mr. Jorgenson, we started our hearings on February 17. They were referred to the committee—

Mr. DANFORTH: Mr. Chairman, may I speak on this matter of repetition, and sympathize with members of the committee. However, I find it very difficult to see how we can actually help this matter of repetition. There are two factors right now that handicap the members, which makes it almost impossible not to have repetition. The first is the fact that the committee has been asked to sit while the House is in session. This is something that many of us take exception to. This means that if you are taking part in the debates of the House it is impossible for you to take part in the committee proceedings. And it is very difficult to come back to a meeting even after an absence of an hour or an hour and a half and pick up the thread and know what has gone on before. The second point I wish to refer to that compounds this very thing is the fact that it is impossible to read the proceedings of the preceding meeting before you attend the next meeting. Because of the mechanics of the bilingual translation and one thing and another it is impossible for members to receive the minutes of the meeting and know what questions have been asked and know what actions taken for, sometimes, three previous meetings. Under these circumstances, repetition is unavoidable. I think I am speaking for every member of the committee, Mr. Chairman; there is no desire to be repetitious; there is no desire to prolong the sittings of the particular committee. I find the figure of 30 meetings means absolutely nothing. I think it is immaterial to the committee whether it is 30, 60 or 10 as long as we accomplish what we set out to do. I think the Standing Committee on Agriculture has a golden opportunity to provide a service to the industry but we cannot provide a service to the industry until we find out where the particular difficulties lie. I know it is very difficult indeed for members sitting on a committee and working on something new to stay out of the partisan field and stay out of partisan politics. I want to compliment the committee on the fact this has erupted very seldom in the meetings we have had, although there has been sometimes a cross-exchange which you would normally expect in a committee.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I was not of the opinion that there was. I would suggest, Mr. Chairman, that this matter be referred to the Steering Committee to see if they possibly can do anything

about this in the future. They may not be able to but it is certainly not something that we can solve here.

Mr. JORGENSON: This is something that must be looked into.

The CHAIRMAN: Mr. Danforth, I do not think you really meant that the 30 meetings have meant nothing. It just sounded that way.

Mr. DANFORTH: The actual number in itself, I do not think we should be pleased with the fact we have had 30 meetings and, therefore, we have accomplished a great deal. When you speak of 30 meetings, very often we meet three times in one day, and that is classified as three meetings.

The CHAIRMAN: Yes.

Mr. DANFORTH: Well then, that gives a very different picture of the fact that we have had 30 meetings.

Mr. ASSELIN (*Charlevoix*): I was referring, Mr. Chairman, to the fact there have been 30 meetings and the fact there has been a certain amount of repetition. I believe we cannot avoid having a certain amount of repetition. I think we have studied the estimates to date. There has been an awful lot, in my estimation, of repetition. I take exception to Mr. Jorgenson's statement that there were more Liberals in attendance today than there was the other day. I would suggest there has been an equal number of Liberal and Conservative members on this committee. I am not pushing anybody and there has been no endeavour on my part or anybody's part to curtail discussion. I am just suggesting that we have had fruitful meetings. We have discussed the whole estimates to date. I would even go so far as to suggest, if you check the minutes, you will find that a greater majority of questions have come from members of the Opposition. This is normal and I completely agree with it; I will never try to curtail anybody's questioning at all. I think there has been a certain amount of repetition and we are getting to a point right now where we are repetitive. This is the only reason I felt I would like to ask the Chairman if he would put the question.

The CHAIRMAN: As Chairman, I have been under no pressure but I sit here every meeting and I do hear the same questions over and over again, although perhaps not in the same form. I would say that it has been a real experience for me as a member of the agriculture committee to listen to the proceedings and the officials. As we said earlier, this has never happened before in the history of Parliament. In the House of Commons we probably had the deputy minister and one other official sitting before the minister, but the minister answers in Parliament. We have never had the opportunity to have officials here, as we have had. I think it has been a wonderful thing. I am still definitely concerned that the people in agriculture are as much concerned with action as they are with words. I think we should submit a report to the House before we adjourn this summer—a strong report, so far as I am concerned. I do not think our committee should be partisan at all, although I think I was probably one of the most partisan members when I sat out there earlier. However, this committee, as Mr. Danforth has so well stated, has not developed into this type of committee. It has been more an information-seeking committee with questions and that sort of thing, which has been very good. Many members have

commented that they have liked the proceedings. I, as your Chairman certainly have not tried to curtail any questioning. I have been criticized for letting some members ramble on, but not by the officials at all. I have never received one complaint from officials who have appeared before the committee. I could not say I could be as cool in temperament as they have been all the time they have been here. They sit here time and time again.

I would point out to the committee that many of these officials, and we have seen them day in and day out, are highly-paid and they have to sit here and wait because they have no way of knowing when next they are going to appear before the committee. This should be of definite concern to the committee.

I would like to see us meet again this afternoon, leaving item 1, and if Mr. Danforth has further questions he can put them. Mr. Williams, I understand is available. We could leave item one until this afternoon. We could pass items 15, 20, 25, 30 and 35. No other member has indicated to me that they have further questions. Several members from all parties have asked me when we were going to be through with the estimates, and have indicated they think they should be passed.

Mr. JORGENSEN: Why? Mr. Chairman, I have no objection at all to the submitting of an interim report if this is what the committee wants to do.

The CHAIRMAN: Mr. Jorgenson, I want to be clear. I do not know if it would be called an interim report. If we have supplementaries before us with which to deal—and, you could probably call it that because we would have to do what they did in defence. Now defence, in the House, if you will remember, got into a real hassle and I hope our committee does not get into such a real hassle.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. Chairman, I feel that if any members of the Opposition have questions to ask they should be permitted and I will definitely not support Mr. Asselin's motion to put the question at this stage if there are still any questions by the members of the Opposition. I feel they should be given a complete opportunity. I do feel we should try to eliminate repetition if we can.

Mr. ASSELIN (*Richmond-Wolfe*): I would put my question so far as the rest of the items are concerned, excluding item 1.

Mr. DANFORTH: Mr. Chairman, I suggest we take no further action on it at this particular meeting.

The CHAIRMAN: Is the committee agreeable to meeting this afternoon at 3.30?

Mr. JORGENSEN: You might have some difficulty getting a quorum, Mr. Chairman.

The CHAIRMAN: Yes.

Mr. JORGENSEN: We could meet at 9.30 Friday morning?

The CHAIRMAN: Yes.

Mr. JORGENSEN: We have met at 9.30 Friday mornings before.



The CHAIRMAN: Yes and it has worked out very successfully. We will meet tomorrow morning at 9.30, if that is agreeable.

Some hon. MEMBERS: Agreed.

The CHAIRMAN: I meant to say earlier that I do not think many of the members read the briefs; this is obvious to me by the questions which have been asked. We have a statement prepared by the officials of the Department of Agriculture on the supervision of pari-mutuel systems of betting, race courses and so on. I wanted this printed as an appendix to today's proceedings so that members could then refer to it.

Mr. ASSELIN (*Richmond-Wolfe*): I move that the statement prepared by the officials of the Department of Agriculture on the supervision of pari-mutuel systems of betting at race courses be printed as an appendix to this day's proceedings.

Mr. CHOQUETTE: I second the motion.

Motion agreed to.

The CHAIRMAN: We will meet tomorrow morning at 9.30. The Committee is adjourned.

## APPENDIX I

Statement for the Information of  
THE STANDING COMMITTEE  
on  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENTSubject: Department of Agriculture 1966-67 Estimates  
Supervision of Pari-Mutuel Systems of  
Betting at Race CoursesDepartment of Agriculture  
June 30, 1966CANADA DEPARTMENT OF AGRICULTURE  
SUPERVISION OF PARI-MUTUEL  
SYSTEMS OF BETTING  
AT RACE COURSES

## HISTORY

In 1886, the Criminal Code of Canada was amended to permit betting to be undertaken between individuals. In 1906 this Section was further amended to allow betting between individuals on the race course of any incorporated association. In 1912, the particular Section of the Criminal Code was amended restricting betting privileges to associations incorporated before March 20th, 1912 or after that date by special Act of Parliament of Canada or of the legislature of any Province of Canada and this applied to both Running and Trotting and Pacing races, restricting each separate incorporation to four-year days.

In 1920, the Code was further amended, restricting betting at race meeting or Running horse races, to the pari-mutuel system and placing such betting under the supervision of an officer appointed by the Minister of Agriculture, with the cost of such supervision to be borne by the racing associations. The actual supervision of pari-mutuel wagering first commenced in 1921.

In 1947, Section 235 of the Criminal Code was further amended, which removed the March 20th, 1912 date as it applied to Running Horse races, and limited this privilege to Incorporated Associations who had held a Running Horse race meeting under the supervision of an officer appointed by the Minister of Agriculture between January 1, 1938 and May 19, 1947 or incorporated after that date by Special Act of the Parliament of Canada or the legislature of a Province.

In 1951, Section 235 was further amended placing racing associations conducting pari-mutuel betting on trotting and pacing races under the same supervision as those conducting such betting on Running Horse races and provided that the former associations retain the same percentages from the pari-mutuel pools as those retained by associations conducting running races, and restricting each incorporation issued prior to March 20, 1912 or after that

date by Special Act to 14 days in any one calendar year and the cost of such supervision to be borne by the Association conducting the meeting.

Between 1951 and 1955, the expense charged against the associations for only limited supervisors, (small fair Race Meeting, 2 supervisors at \$27.00 per day—Total \$54.00) was forcing the smaller centres to cease operations, therefore in 1955, the Criminal Code was amended by the removal of the words "at the expense of the association" and replaced by a provision for the payment to the Receiver General of Canada of a half of one percent of the total amount wagered on all pari-mutuel meetings operated under the supervision of officers representing the Minister of Agriculture, this payment to be known as Supervision Levy and used to cover the cost of supervision as provided by the Minister.

#### SUPERVISION

The Department's supervision at all tracks covered by the Department, is carried out by specially trained officers of the Royal Canadian Mounted Police, who are appointed as representatives of the Minister of Agriculture. The size of the detail at each track varies in accordance with the size of the race meeting, at no track are there less than three officers and as many as eight are employed at the large tracks. They are responsible for the proper distribution of all monies wagered and to ensure that the operation is carried out in accordance with Section 178 of the Criminal Code and the Regulations as issued by the Minister of Agriculture.

Prior to 1955, the Department's supervision was restricted to the detailing of a limited number of supervisors to each race meeting to carry out a general and limit supervision of the pari-mutuel operations, with the introduction of the Supervision Levy, the number of field supervisors was increased from nineteen to eighty-five in 1955 and increased yearly to a high of one hundred and fifty in 1965. The Department in 1955 also undertook to provide the Photo Finish Camera Service at all race meets operating in excess of ten consecutive days, this service has now been enlarged to include all non-conflicting circuits operating for more than ten days in any one calendar year. (In 1965 Photo Finish Camera Service was supplied at 1,632 of the 1,726 days supervised by the Department.) This service provides the Judges and/or Stewards with a negative and print of the actual finish of the race and this acts as an aid to the Judges and/or Stewards in the official placing of the horses in the correct order of finish.

In 1958, the Department's Supervision Services were extended to include the Film Patrol Service. This was provided at all race meetings operating with a daily wagering average in excess of \$50,000.00. This Service provides the Judges and/or Stewards with a complete film coverage of the race from three different camera positions, within three minutes after the completion of the race and is used as an aid by the Judges and/or Stewards in determining whether or not any fouls, etc., were committed during the running of the race. This Service like the Photo Finish is contracted and paid for by the Department.

In 1958, the Department provided, under separate contracts with the various racing associations, the Saliva and Urine Service, which Service is operated under Rules and Conditions as issued by the Department, who also



assumed the financial responsibility for such service. The Saliva and Urine service like the Photo Finish Camera is provided at all race meetings operating in excess of ten days or operating in a circuit of more than ten days.

In addition to the carrying out of the supervision of the pari-mutuel wagering, the Department is responsible for the drafting and issuance of regulations under which the pari-mutuel is operated, in addition to Rules and regulations governing Photo Finish Camera, Film Patrol and Saliva and Urine services.

Under the present Regulations as issued by the Minister, any Association desirous of holding a Running Horse meeting at which pari-mutuel wagering is to be conducted must apply to the Minister for the dates prior to January 31st of the year in which such application applies, associations desirous of holding pari-mutuel wagering on Trotting and Pacing races, must apply before March 15th, in the year in which such application applies. The Association making such application, will be granted approval of dates and supervision supplied if the following are complied with.

1. Associations desirous of holding Running Races must have been incorporated before May 19, 1947, and have held a Running race meeting with pari-mutuel wagering under the Supervision of an officer appointed by the Minister of Agriculture between January 1st, 1938 and May 19th, 1947 or incorporated after May 19th by Special Act of the Parliament of Canada or the Legislature of a Province.
2. Associations desirous of holding Trotting and Pacing races exclusively must have been incorporated in any manner prior to March 20, 1912 or after that date by Special Act of the Parliament of Canada or the Legislature of a Province.
3. The Association has or is prepared to provide the necessary facilities and staff as outlined in the Department's Regulations, to ensure the proper operation of a pari-mutuel meeting.
4. That all Regulations as issued by the Department are to be complied with.

During 1965, racing in Ontario was conducted for a total of 731 days, of which a total 196 were Running Horse races conducted at Fort Erie, Greenwood and Woodbine under fourteen charters held by the Jockey Club and the remaining 535 were Trotting and Pacing Horse races, of which 430 days were held at Windsor, London, Campbellville, Ottawa, St. Catharines and Toronto, with the remaining 105 dates held at twenty-two different centres. All dates were authorized under charters held by the Jockey Club (20); Windsor (11); Western Fair (6); Rideau Carleton (10) and Alvinston (1). No centre desirous of holding a race meeting in the calendar year 1965 was refused permission to conduct pari-mutuel wagering due to the lack of a charter. In fact the 48 charters held by the five Associations represented 672 days or 137 more than required.

For the Calendar year 1966, applications from the four major centres, Windsor, Western Fair, Rideau Carleton and Jockey Club represent a total of

595 days, leaving 77 dates for the smaller centres, from whom application for dates totalling 142 days have now been received.

Of the 48 charters used in Ontario at the present time, 46 were issued by the Province of Ontario by either Companies Act, or Letters Patent, while the remaining two were issued prior to March 20, 1912, by the Federal Government, through Letters Patent, issued by the Secretary of State.

Prior to the amendment to the Criminal Code, June 20th, 1951, placing the supervision of para-mutuel Trotting and Pacing Horse races under the Minister of Agriculture, the smaller centres in Ontario operated pari-mutuel meetings under incorporations issued after March 20th, 1912, under Letters Patent or Companies Act, by the Province of Ontario. Had the date of incorporation been raised from March 20, 1912 to June 20, 1951, it would have enabled those incorporations, which number approximately twelve, to remain valid for pari-mutuel wagering on Trotting and Pacing horses, thus providing an additional 168 days in each calendar year or 840 in any one calendar year in Ontario, without the issuance of any additional charters.

#### *Breakdown of Jurisdiction*

Under Section 178 of the Criminal Code, the Minister of Agriculture is charged with the responsibility for supervision of the actual pari-mutuel wagering, which encompasses such other services as Photo Finish Camera, Film Patrol, Saliva and Urine, which are allied and conjoint to the actual supervision of the pari-mutuel operations. The actual conduct of the running of the races is the responsibility of the governing body under whose jurisdiction such racing is conducted. In some provinces, the governing body is a duly constituted Racing Commission, while in other jurisdiction the associations operate with the Canadian Trotting Association or the United States Trotting Association carrying out the necessary supervision, however, in all instances they utilize the services as supplied by the Department.

#### *Growth of Pari-Mutuel Wagering*

The undernoted breakdown indicates the growth of racing between 1954 and 1965.

Year	Tracks	Dates	Amount Wagered
1954	30	448	\$ 84,002,937.00
1955	32	450	86,107,163.00
1956	47	716	106,034,387.00
1957	48	716	112,627,857.00
1958	52	869	128,907,378.00
1959	51	882	134,215,976.00
1960	61	949	141,419,679.00
1961	72	1152	163,258,089.00
1962	72	1299	180,422,650.00
1963	77	1426	203,056,267.00
1964	75	1605	252,528,404.00
1965	79	1726	277,183,026.00

In this regard wagering on Trotting and Pacing races has increased from \$2,949,670.00 to \$107,256,691.00, while wagering on Running races increased in the same period from \$81,053,267.00 to \$169,926,336.00.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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AUG 15 1966

STANDING COMMITTEE

ON

# Agriculture, Forestry and Rural Development

*Chairman:* Mr. EUGENE WHELAN

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## MINUTES OF PROCEEDINGS AND EVIDENCE

No. 25

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Respecting

Estimates (1966-67) of the Department of Agriculture

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FRIDAY, JULY 8, 1966

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### WITNESSES:

*from the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister, Production and Marketing Branch and Chairman of the Agricultural Stabilization Board; Mr. Frank Payne, Chief, Merchandising Section, Poultry Division.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966



STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin	Mr. Herridge,	Mr. Olson,
( <i>Richmond-Wolfe</i> ),	Mr. Honey,	Mr. Peters,
Mr. Beer,	Mr. Hopkins,	Mr. Pugh,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> ),	Mr. Rapp,
Mr. Choquette,	Mr. Johnston,	Mr. Ricard,
Mr. Clermont,	Mr. Jorgenson,	Mr. Roxburgh,
Mr. Comtois,	Mr. Lefebvre,	Mr. Schreyer,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stafford,
Mr. Danforth,	Mr. Matte,	Mr. Stefanson,
Mr. Éthier,	Mr. McKinley,	Mr. Tucker,
Mr. Faulkner.	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Gauthier,	Mr. Neveu,	<i>guay-Huntingdon-</i>
Mr. Gendron,	Mr. Noble,	<i>Laprairie</i> ),
Mr. Godin,	Mr. Nowlan,	Mr. Yanakis—45.
Mr. Grills,		

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

FRIDAY, July 8 1966.  
(32)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.50 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Choquette, Comtois, Danforth, Éthier, Faulkner, Gendron, Godin, Honey, Hopkins, Johnston, Jorgenson, Laverdière, Lefebvre, Matte, McKinley, Moore (*Wetaskiwin*), Neveu, Olson, Peters, Pugh, Rapp, Roxburgh, Tucker, Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (27).

*In attendance: From the Department of Agriculture:* Mr. S. B. Williams, Assistant Deputy Minister, Production and Marketing Branch and Chairman of the Agricultural Stabilization Board; Mr. Frank Payne, Chief, Merchandising Section, Poultry Division; Mr. J. S. Parker, Director General, Departmental Administration.

The Committee resumed consideration of the estimates of the Department of Agriculture for the 1966-67 fiscal year, item 15.

At the request of Mr. Lefebvre, it was agreed that the answer of the Department officials to his questions on the production, consumption, importation and exportation of eggs be printed as an appendix to the Minutes of Proceedings and Evidence of this day. (*See Appendix I*)

*Agreed*—That items 15, 20, 25, 30 and 35 of the estimates of the Department of Agriculture for the 1966-67 fiscal year carry.

At 11:04 o'clock a.m., the Chairman adjourned the Committee to Tuesday, July 12, 1966, at 9:30 o'clock a.m., or to the call of the Chair in the event of a recess.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

*(Recorded by Electronic Apparatus)*

FRIDAY, July 8, 1966.

(9.45 a.m.)

The CHAIRMAN: Gentlemen, the meeting has now been brought to order. Mr. Danforth, you are the only one who has intimated that you have any questions. Mr. Payne can answer any questions concerning poultry. I think you intimated you had several questions on poultry.

Mr. DANFORTH: Yes, Mr. Chairman, I do. I have a whole series of questions on poultry, particularly the egg industry. May I indicate to the Committee that I would welcome supplementary questions, or would give way to any other committee member at any time who wishes to ask questions.

Mr. Chairman, to begin with it was my understanding that we did have an explanation of the change in the pricing system of eggs in Ontario. I believe this took place in 1963. Am I correct?

Mr. FRANK PAYNE (*Chief, Merchandising Section, Poultry Division, Department of Agriculture*): Yes.

Mr. DANFORTH: Since there was such a drastic change in the method of publicizing the price of eggs may I ask where the initiative came from to make this change. I would like to know if it was by a producer organization, or was it by representatives of the egg industry, was it a departmental decision, was it a governmental policy decision. I would like to know where it was initiated. Is that information available?

Mr. PAYNE: The situation arose through the years into 1962, where it was getting to the point where there were so few eggs traded at the spot level that there were many days when we had not enough eggs traded to establish a price. Then, in the poultry division, instigated a research project into the area of price reporting of eggs. We studied this matter in the Toronto area for a good year, and, in the process of studying this to find other methods of reporting egg prices, the people involved, the producers, the grading stations, and the wholesalers, of course, became aware that the study was going on. When the study was completed—they had asked for results of the study—we held meetings with producer groups, grading station operators and wholesale operators, outlining what we had found. We indicated that we had found an area of price reporting at the wholesale to retail level which would give a much wider coverage of the number of eggs moving in the given area. It was at the request of the interested parties, the producer groups, the various organizations. They suggested that we go ahead and set it up on this basis, and this is what we did. It followed later by subsequent studies in Montreal and Winnipeg, and the changeover in those two markets as well.

Mr. DANFORTH: Is it not true that the change of system was applicable in Toronto for perhaps two or even three years before it was made applicable to Montreal and Winnipeg.

Mr. PAYNE: Yes, this is true.

Mr. DANFORTH: May I ask why the long delay? Was it because of the time it took to initiate the studies in the other two markets.

Mr. PAYNE: That is part of the reason. We had used Toronto as the pilot one, and then we moved to Montreal and Winnipeg to conduct studies in these two areas. We found in the Montreal area it was considerably more difficult inasmuch as there is a different type of trading in Montreal, and we had to set up a little bit different structure there because there are not as great a percentage of eggs moving into the Montreal market directly in the carton form as there is in Toronto.

Mr. DANFORTH: You state there was a somewhat different structure set-up in Montreal. Can you indicate in what primary there is a difference between the Toronto market and the Montreal market?

Mr. PAYNE: Yes. If you will pardon me for just one second I will give you some statistics on this.

We estimate that in the Toronto market 80 to 85 per cent of the eggs moving into this market are in the carton form, and in the Montreal market about 65 to 70 per cent. This was the basic difference.

Mr. DANFORTH: I can appreciate the basis, but if I understood you correctly—and perhaps I am wrong—you said that the pricing system varies—there is a difference.

Mr. PAYNE: Oh, I am sorry if I gave that impression. No, they are exactly the same. What caused the delay in the changeover was that we found that the structure was somewhat different in Montreal, and it took us longer to organize it because of the fact that only 65 per cent of the eggs moving into Montreal were in cartons whereas a much higher percentage than this was in the Toronto market. The system is exactly the same.

Mr. DANFORTH: In both instances it is based on carton wholesale-retail movement.

Mr. PAYNE: Right.

Mr. DANFORTH: One thing I am very concerned with—and I think the industry was too—is this: was it not a fact that once spot market quotations were removed from the Toronto market—and they were based on the wholesale-retail carton price—were there any representations from the trade itself over the fact we had the prices of two markets then being used which would make quite a differential in the prices received to various producers. I mean, sir, that very often the two prices used in pricing the eggs back at the egg stations were the Toronto carton price and the Montreal spot price because the Montreal spot price for two and one half years was the only spot price available to dealers in eggs. Am I correct in this assumption?

Mr. PAYNE: The fact that Toronto was operating on the wholesale-retail price level, and Montreal on a spot level, created considerable problems in the reporting area and in the marketing area until we got Montreal changed over to the same set-up as Toronto.

Mr. DANFORTH: Well I had—and I am sure other members did too during this period—representations from various primary producers of eggs to the effect that it depended on where they were able to dispose of their eggs. There was a differentiation as high as \$4.00 to \$5.00 per case of eggs. Does this seem reasonable to you, or a fair assertion on the part of these producers?

Mr. PAYNE: Well, this sounds rather out of line because \$4.00 to \$5.00 a case is a matter of 15 cents a dozen and I cannot see any circumstance that would create the wide a variation for the same quality egg.

Mr. DANFORTH: Would you say that \$7.00 a case differentiation would still be more unreasonable to expect?

Mr. PAYNE: Yes, I would.

Mr. DANFORTH: May I assure you this was a fact even in my own neighbourhood. This is actually what happened. May I put it another way. Could you give any explanation under this present system why—and I am speaking of No. 1 eggs—the carton price of eggs could be wholesale-retail 49 cents and the price to the producer 19 cents?

Mr. PAYNE: I presume you are speaking of grade A large.

Mr. DANFORTH: Grade A large No. 1 eggs. Yes.

Mr. PAYNE: Well there are grade A eggs and grade A eggs. Some of the top quality eggs that are produced under a quality control program that are going into the carton market demand and get a premium. Some of the borderline type of eggs from the flocks that are not doing a good control job in many cases end up at the breakers particularly, in times when there is a surplus of eggs. If they are in surplus, they end up as breaking stock which demands a lower price. This can, and does happen. There are two market prices for eggs in this country. One is the contract type of market where the shell eggs go into the retail market. This is the vast majority of the eggs. Then, there is the surplus type egg which does not have a home which end up eventually in the breaking market. These eggs, invariably, demand a lower price. I think it could almost compare to your fluid milk deal where the milk goes into the bottle to consumers and then the other milk goes off to be processed.

Mr. DANFORTH: I think, Mr. Chairman, we are now getting into the area where the basic problem is, and I am just a little at a loss how to phrase my questions to bring out the points that I wish so perhaps the Committee will have a little patience.

(10.00 a.m.)

The CHAIRMAN: Could I ask one question, Mr. Danforth? Is this happening now in eggs or did this happen a year ago?

Mr. DANFORTH: No, this is current. We heard evidence that there is a differentiation on this pricing. You speak of premium prices for quality eggs



and a contract movement of eggs. In order that I might satisfy myself as to exactly what is meant by the contract movement of eggs, is this a method whereby a certain wholesale company or a retail company with egg grading facilities enters into a contract with a commercial producer to produce eggs at an established price over a period of time? Could you explain to me just what is meant by this contract arrangement?

Mr. PAYNE: What I am referring to is a contract arrangement where a wholesale or a chain—say, a chain store in Toronto requires eggs—they require them in volume; they require them in quality. They go to a grading station and they say: "Look, I need so many eggs a week and can you supply them and put them into my cartons for me"? And he says: "Yes, because I have a group of producers around me who can supply the type of egg you want and in quantity." These are the type of contracts that are being set up all the time, so that they are guaranteed of their supply.

Now, many large producers tie themselves into this type of arrangement, into the shell egg market. This leaves a situation where some small producers in the outlying fringes away from the egg sheds—if you want to call them that—have to find a home for their eggs other than the carton market. In many cases, because the eggs are not of the volume or quality that is required in this carton market.

Mr. LEFEBVRE: A supplementary, Mr. Chairman. When you speak about grading eggs, are they the same grades from coast to coast in Canada? Is grade A large in British Columbia the same as a grade A large in Quebec or are there regional differences in your grading.

Mr. PAYNE: No, sir. We have one grade from coast to coast. We have a staff that administers the grade regulations. Now, the one point that I should bring out here is the fact that in any commodity when you are grading it, there is a range from the top to the bottom within that range. The chain stores today are demanding for the carton market top quality and even beyond the top quality of our grade A to the point where they even pay premium for quality control program to get this. The grade standards are the same from coast to coast.

Mr. LEFEBVRE: A further supplementary. Could you tell us, roughly sir,—do you have the figures here—what constitutes a grade A large egg and the other grades below it. What are the criteria for this?

Mr. PAYNE: Well, the criteria here, as you can understand by the nomenclature, A is the interior quality. This depends on the yoke being centred well in the egg, a firm, thick albumen, with a minimum air cell in the egg. It must have strong shells, non-cracked, non-blemished and not dirty. Twenty-four ounces and over in size is the large factor. Within the A's you have several sizes; A large, A medium, A small and A pee-wee. These are all grade A's, and below that you get your B's which are your under grades; B, C and cracked.

Mr. LEFEBVRE: But B's and C's, sir, are not sold in retail very often.

Mr. PAYNE: No; very seldom. In certain new Canadian quarters in Toronto you will find them. But this is about all. Basically they go for breaking stock.

Mr. JORGENSEN: May I ask a supplementary question? You mentioned types of contracts that are being entered into by producers with the eventual retailers. I believe there are three types of arrangements. There are the producers who deliver directly to the consumer. I think there is a considerable amount of that going on, at least in Winnipeg there is. Then, there are those who contract directly with a retail outlet, for example, I think, Safeways.

Mr. PAYNE: In this case they must grade their own eggs.

Mr. JORGENSEN: Yes, that is right. They do their own picking up as well, right at the farmer's home. Then, there are the group who sell to the local egg grading stations. Could you give us an idea of the percentage breakdown of each of these categories or are there other types of contracts? What I am attempting to establish is that there has been considerable talk about setting up marketing boards in the provinces and I was wondering what the difficulties would be in reconciling all these different types of contracts.

Mr. PAYNE: Well, it was more talk. There are some already set up.

I cannot give you all your answers. We know that roughly 50 per cent of the eggs produced in this country go through registered egg grading stations. Now, in the other 50 per cent category you have all the eggs consumed at home and the farm; you have eggs that go to hatcheries, which is substantial, and you have eggs that are peddled. I am afraid I cannot break this down because we have no figures.

Mr. JORGENSEN: Is there no way that you could acquire these figures? Is there no way that you could determine this?

Mr. PAYNE: No. Here we enter into a peculiar little constitutional area. The producer has the right to grade his own product and to sell it where he wishes.

Now, registered egg grading stations come under our regulations, and we, in licensing them to operate, demand that they report to us regularly their volume, and, so this we have. But, this producer who grades his own eggs and sells them, the only control that is put on him is at a provincial level so we have no figures on this chap at all.

Mr. JORGENSEN: You could not even get them if you collaborated with the provincial government. Do they not have these figures?

Mr. PAYNE: No, they do not. We suggested on many occasions that this might be a good idea, that they register this chap, and that as a term of registration they have him report to us for our market report.

Mr. JORGENSEN: I see.

Mr. PAYNE: This has not yet been done in any province.

Mr. DANFORTH: Mr. Chairman, I will continue with the line of interrogation that I wish to follow. It is possible then for chain stores to make a contract arrangement either with an egg grading station or, as I understand it, if they have an egg grading station of their own, with a group of producers and they may take their eggs solely from this source. Am I correct in this assumption?

Mr. PAYNE: Yes, that is correct.

Mr. DANFORTH: Then, I would presume when they made a contract with an egg grading station that they would provide the egg grading station with their own cartons, with their own brand name, et cetera, for the eggs to be graded and packed in. Is this the general practice?

Mr. PAYNE: Well, some do, and others use the grading station's own carton; it varies. But, a lot of the chain stores have them pack them in their own cartons.

Mr. DANFORTH: It is probable or possible that small farmers with, say, 1,000 hens or less, when they take their eggs to their local egg grading station, if they have a contract with a wholesale-retail outlet who has those cartons there and a contract there—would find themselves in this position? If that wholesale-retail outlet is in a supply position where these eggs cannot be used, then these eggs are orphaned; they must find either a spot market or, perhaps, a market already saturated with eggs. Am I correct in this assumption?

Mr. PAYNE: Yes; this is a surplus situation in eggs; they battle for position in the market structure.

Mr. DANFORTH: Then, following this line of thought—and I am just using sample figures, and I am using No. 1 grade A eggs as an illustration—it is possible then for farmer A to take his eggs to an egg station who has this contract, and if the price, say, is 50 cents wholesale-retail to the farmer, he can sell these eggs then at 50 cents and receive his \$15 a case for eggs. His neighbour, with equal quality eggs could conceivably go to the same egg station, and because the market for the wholesale-retail chain had been filled, the egg grading station would have no alternative but to put his eggs on a saturated market. Is it possible that he could receive 40 cents or 35 cents for these grade A eggs at the same time as his neighbour received the top price?

Mr. PAYNE: I find this a rather unusual situation. I could understand this happening between two grading stations, but I can hardly feature it in the same grading station. I do not think he would get away with paying two prices to two neighbours for the same quality eggs in the same grading station.

Mr. DANFORTH: Well, it could be in two grading stations. Could this happen?

Mr. PAYNE: This could happen in two different grading stations if one grading station did not have a market.

Mr. DANFORTH: Did not have a contract.

Mr. PAYNE: This could happen.

Mr. DANFORTH: And the other one with an adjacent grading station supplying the open market? There could conceivably be this difference then?

Mr. PAYNE: Yes.

Mr. DANFORTH: And this could account for the wide range that I spoke of. I know from personal knowledge of instances where it went up to \$7.00 a case. This could explain why there could be this differentiation.

Mr. PAYNE: That is part of the answer.



Mr. DANFORTH: In an arrangement something like this, is not the wholesaler and the retailer then controlling the egg markets—the pricing—and have direct control of the egg market rather than supply and demand?

Mr. PAYNE: I do not think I understand your question. Well, the wholesaler—there are many wholesalers—there are many people supplying the market—they are all competing.

Mr. DANFORTH: Well, what I am referring to is a chain store with a contract instead of a wholesaler. May I use this phrase: A chain store with a contract, or he has a constant price, an agreed on price for eggs, is he not in control rather than the supply and demand.

Mr. PAYNE: I would like to point out one thing. This contract that you and I are referring to—is not an agreed on price. This contract is a contract to deliver at the market price. No one in his right mind would set up an agreed on price right straight through because he would lose his shirt when the price went down.

Mr. DANFORTH: Well, is there not an agreed on premium?

Mr. PAYNE: This is conceivable. Some people will pay a cent or two premium for quantity and quality, yes.

Mr. MOORE (*Wetaskiwin*): I would like to ask a supplementary question. Is grading station obliged to accept shipments, say, for grade A large eggs.

Mr. PAYNE: Does he have to take all eggs offered to him?

Mr. MOORE (*Wetaskiwin*): That is right.

Mr. PAYNE: No, he does not have to.

Mr. MOORE (*Wetaskiwin*): Well, in the first illustration Mr. Danforth used, which he said if a grading station had a contract to supply eggs—receiving enough eggs to supply him—then this could happen between two neighbours. If the other neighbour brought eggs in, and the grading station is already receiving enough eggs to fill contracts they could decline to accept eggs from the neighbour.

Mr. PAYNE: Yes.

Mr. MOORE (*Wetaskiwin*): Because if they accept them, they naturally would have to pay the same price to both neighbours.

Mr. PAYNE: They can refuse. There is nothing in the regulations that makes them take all eggs.

Mr. MOORE (*Wetaskiwin*): I see. Would this apply to all grading stations or just one under contract?

Mr. PAYNE: This applies to all grading stations.

Mr. MOORE (*Wetaskiwin*): Now, on what basis could they refuse—that they could only market in an area?

Mr. PAYNE: Well, the same basis that any commercial organization can refuse to buy a product if they so desire. There is nothing to make them buy it.

Mr. MOORE (*Wetaskiwin*): In other words, then, you could be in a situation where you had no market even though there was a grading station there.

Mr. PAYNE: Yes, this has actually happened in certain areas where the one grading station in the area has folded up, and people have found themselves in the position that they have to ship farther afield to market their eggs.

Mr. MOORE (*Wetaskiwin*): This could apply to any commodity then. It could apply to cream possibly in the same way although I have not heard of it happening.

Mr. PAYNE: I would not know about the cream.

Mr. JORGENSEN: Mr. Payne, do you get many complaints from producers about grading?

Mr. PAYNE: You said, "do I get many complaints"? No; very, very few.

Mr. JORGENSEN: Very few.

Mr. PAYNE: We get the odd one.

Mr. JORGENSEN: Has this diminished in the past few years? I know there used to be a considerable number of complaints. I recall on one occasion—this was several years ago—where a group of producers who suspected that they were not getting the type of grade that they should be getting conducted a bit of an experiment that produced some rather startling results. I do not recall the exact figures right now, but through the local grocery stores they purchased. They asked them to go in and pick up a crate of grade A large eggs. They simply took the eggs from him, lifted the fillers out, put them in another crate, marked the name of one of the producers and put it back in again. Although they all were sold to the grocery store as grade A large, when they had them re-crated again the second time, there were only about half of them that fell into that category. What recourse does the producer have when this sort of thing happens?

Mr. PAYNE: We get many fewer complaints in the grading area today than we had 10 years ago.

Mr. JORGENSEN: More producers are grading their own eggs now.

Mr. PAYNE: Well, no. No, actually they are not. It is because more producers are on a more efficient business-like basis and they know what they are doing. They know the quality of the eggs, and their quality is better, and they are following these eggs through. We get very few complaints any more. Incidentally, when we do get one of these, what we immediately tell the producer is, "All right, next time you are shipping a case of eggs let the local inspector know, and the local inspector will follow that case right through." He will come in after they have been graded and double check them out. This we do automatically.

Mr. PETERS: Mr. Chairman, I would like to ask this one question although I do not know too much about eggs. Is it fairly easy for an inspector to spot this undergrading that farmers sometimes complain of in terms of averages? Are there standards for inspectors to go by? Obviously there will be a percentage of cracks and a percentage of small culls. Is this a fairly uniform thing?

Mr. PAYNE: Well, no two cases of eggs are the same. The only thing that is uniform in the whole thing is the standard that we have set up, established, and operate by. These standards set up for these grades that I mentioned a minute ago are the same right across the country, and they are administered by our staff and all commercial egg graders are checked out by our staff so that they are efficient and know what they are doing.

Mr. PETERS: In the case of a producer sending large quantities of eggs, it would be pretty easy, to spot what Mr. Jorgenson referred to, the changes that were made?

Mr. PAYNE: Oh, yes; a producer knows pretty well what his eggs are going to grade out at and he knows from season to season as to the size of those eggs. If the poultry is starting to lay they get small eggs, but they become larger as the season goes on. He can determine pretty quickly if there is anything wrong. In most cases today, if anything goes wrong in the grading, the grading station operator will call the store right up and will say: "George, what happened? This grade is down today." And the two of them will check into the matter to find out the reason. Maybe they switched feeds, and this has thrown something into the works. Maybe his cooling plant broke down. There is a very close liaison between the buyer and the seller today in this area, and they are both concerned about the quality of these eggs.

Mr. PETERS: To see that they are uniform?

Mr. PAYNE: Always.

Mr. DANFORTH: Mr. Chairman, on this basis, it has been determined now that because there could be surplus eggs, over and above those that are under contract or are placed in branded or marked cartons for specific outlets, this could be the cause of quite a large price differentiation right at a local level. Is this correct? This could be the primary cause?

Mr. PAYNE: This could be the basic cause, in as much as there are two market structures. There is one price for shell eggs that go to the consumer and here is another price for eggs that cannot find a home and have to end up on the surplus market. That is correct.

Mr. DANFORTH: Am I correct in assuming that if a producer, once this new system was inaugurated, was placed in a position where his eggs could not, or did not, go through the channel of the carton prices he could continually receive a deficit price because of this very nature of the marketing?

Mr. PAYNE: Well, he would be very well advised to shop around like most people who market products and find a grading station operator who would take his eggs into this market. If he had the volume and the quality he could find a market. Today we are operating from hand to mouth in eggs, and anybody who has a top quality product in any kind of volume can be commanding top prices.

Mr. DANFORTH: Well, sir, I certainly do not want to dispute your assertions in any manner but why is it that so many good, sound, basic commercial producers of eggs are now going out of business because they are unable to receive this so-called top price or this premium price.



Mr. PAYNE: Well, I am not prepared to accept the fact that is why they are going out of business. Do you think this is why they are going out of business.

Mr. DANFORTH: Well, it is certainly a pricing factor, especially in my area where we have some flocks of 10,000 which are not tremendous flocks but on the other side, they are not small flocks.

Mr. PAYNE: A very good efficient unit, 10,000.

Mr. DANFORTH: Men who have been in the business for, perhaps, a second generation are going out of business because they are unable to receive what they consider the prevalent or going price. Could this conceivably be the answer. I am not trying to place you in an embarrassing position; I am trying to find out what is wrong with the price system where there could be a differentiation of \$3.00 or \$4.00 a carton, and what is wrong that so many egg producers are going out of business. I am just trying to find out what could be the primary problem, and if it could be corrected.

Mr. PAYNE: Well, really I cannot feature any good, efficient flock owner of 10,000 birds going out of business because he was getting a lower price level for his eggs than the going price. I think there may be other reasons in there.

Now, as to this business of the two price system, which is going on and exists in other areas, if we had continued to operate in the spot area where there were so few eggs being sold, and at times, even to the point where an egg breaker could bring in 200 cases of eggs and dump them on the Toronto market at four or five cents under the market—and this has been done—and we can document this, and bring the market down a matter of 10 cents or 15 cents in a matter of three or four days. And, incidentally, this usually happens on a Thursday or Friday so that there was not another paper until the next Monday or Tuesday and they bought eggs at that price over the weekend. It became an untenable situation where the department were almost accused of being party to this type of thing, and we had to move into an area where we could put our hands on a volume of eggs.

Now, at that time everybody was affected by this tremendous fluctuation—everybody. So I suppose you might argue that everybody would be reasonably happy then because they were all getting the same, everybody was going up and down with the thing. But, under this structure, the vast majority of the producers are extremely happy with it because it has ironed out a lot of the fluctuations. The shell egg market is a market in its own, and it is relatively stable. It moves up and down, but it is relatively stable. Then, you have an area of surplus eggs that bounce up and down below this to find a home in breaking plants or whatever areas they can move into. You have to have the product to count it, to be able to analyse what was paid for it, before you can report it, and this was what had become wrong with the old spot market.

Mr. DANFORTH: I am quite interested in the information that you are giving along this line. May I ask, then, since there are these various outlets, is it possible for you to give me an average—and I know that it varies depending on the price—differentiation that you might expect between the carton price, the breaking price, and the surplus price?

Mr. PAYNE: I am afraid, sir, I cannot give you an average because this price varies up and down below, and there are times when it is as high as the carton price. In times of shortage it is as high as the carton price.

Mr. DANFORTH: The surplus?

Mr. PAYNE: Yes, sir.

● (10.30 a.m.)

Mr. DANFORTH: Or the breaking—the surplus price.

Mr. PAYNE: It is up as high as the carton price. Then there are other times when it may be down as low as 15 cents below it. It varies up and down as the market situation dictates. Today the breakers in this country are crying blue ruin because they have to pay as high as 40 cents for breaking stock, and the Melange market just will not support this type of price. But today it is up pretty close, relatively close. There is a tremendous variation, and this is the point, that this area varies but the other area is relatively stable. It has its ups and its downs but it is reasonably stable, and this has created a producer satisfaction; it has created a retail store satisfaction. The retailers say, "we do not want to be changing prices every second day for these things" and this has created a consumer satisfaction because the consumer backs away from a product when it quickly accelerates in price. It has to come down twice as far again before she will come back and buy the same amount. We have found in all these three areas a tremendous amount of satisfaction.

Mr. DANFORTH: Well, I would like to pursue that a little further but I do not want to get away from my original line of questioning here, right now. I am concerned over what is happening to the country producers of eggs. I think I am correct in my assumption when I say that there are a tremendous number of small egg producers going out of the business, and because of this there are a considerable number of small egg stations that are forced to close. Now, are there any other allied services that would make this different? For example, you have stated that in contracts there could be a premium, and I think you said one or two cents, which would not be a tremendous factor, I would not think. Are there any other services provided; for example, do eggs stations pick up eggs at the farm? Or is there a minimum number of cases that they will accept for this particular service? Or are there any of the allied services that enter into this that would have a direct bearing on egg pricing?

Mr. PAYNE: Yes; there are in certain areas trucks running through the country picking up eggs and I know of one or two situations where they will pay a premium, let us say, so much a dozen up to ten cases, a cent more for ten to twenty and a cent more for over twenty cases at a pick up.

Mr. DANFORTH: Not only do they not charge for this service but they pay a premium for the extra cases. Am I correct in that?

Mr. PAYNE: I am not aware of just what the situation is in the trucking area. I do not think they charge, no, because those trucks are running around the country. They have egg routes like you have milk routes. But by the same token, they do pay, in many cases, a premium for quantity and quality.

Mr. DANFORTH: So that it is conceivable or possible for a quality producer on the farm to receive a premium for excess production, or above the minimum, and receive another premium at the egg station because of the fact his eggs are going into a particular wholesale-retail outlet; in other words, he could get double premium?

Mr. PAYNE: Well, these people all have their own methods of buying and some of them have premium factors and some do not. I would not know just how many types of premium situations there are.

Mr. DANFORTH: Perhaps I was not fair in my question, but there are various premiums and various contracts that could make it possible for a producer to receive more for his eggs than perhaps his neighbour? Am I fair in that assumption?

Mr. PAYNE: Oh, I think that is fair and if he is a good merchandizer he is getting the best deal he can from the station that will give him the best deal.

Mr. DANFORTH: I hope the Committee will have patience with me in this regard. There is another type of contract where the commercial outlet places the poultry on a farm and pays the farmer X cents per dozen for looking after the chickens and preparing the eggs for pick up. I think you are familiar with this type of contract.

Mr. PAYNE: I think there are a few of them around.

Mr. DANFORTH: The eggs then, right from the very beginning, are in the hands of the chain. If it is the chain which has this contract the eggs belong to the chain, am I right?

Mr. PAYNE: The eggs belong to the grading station. It is the grading station that is doing this, is it not?

Mr. DANFORTH: These are instances where the grading station is a part of the wholesale-retail chain; it is an integrated operation?

The CHAIRMAN: You mean the chain store owns the grading station?

Mr. DANFORTH: And the farmer.

Mr. PAYNE: Well, I do not know the details of any people's contracts.

Mr. DANFORTH: May I assure you this is the type of contract that is in vogue in my particular area, whereby everything is supplied to the farmer, the poultry, the feed and everything. All he does is get X cents per dozen for delivery of eggs to this particular chain. Now, what I was going to ask you, sir, is where the inspection takes place—I am very desirous to know, when the chain has the entire integrated operation, if there is an inspection at the retail outlet level?

Mr. PAYNE: There is a double inspection. There is a check inspection at the grading station level and there is a retail inspection as well. These, incidentally, are handled by two separate sections in the Department of Agriculture. The poultry division is responsible for the grading stations and the wholesale areas and the retail inspection unit handles the retail inspection of eggs at the same time they do the potatoes and the butter and everything else.



Mr. DANFORTH: If I may assume, it would be of a spot type at the retail outlet; that the retail outlet would never know when an inspector was coming it would be just like the normal inspection is carried out?

Mr. PAYNE: I believe that is correct.

Mr. JORGENSEN: Let us take the type of integrated operation we hear a great deal about. They are in existence not only in the area of egg production but in hogs and poultry as well. I wonder if Mr. Williams who never seems to be stuck for an answer, could tell us if there is some way of determining what percentage—this seems to be unrelated but it is in a way—of the feed freight assistance that is paid on western grain goes to this type of operation rather than to the bona fide producer? Does the Department keep figures or is there any way of keeping figures so that you could break down the amount of feed that goes into that type of an operation as compared to a bona fide farmer.

Mr. WILLIAMS: I am sure you appreciate the feed freight assistance is now under the Department of Forestry so I cannot answer categorically. I believe it would not be difficult to break down the feed freight assistance that is going to mixed poultry feeds. However, if the poultryman is buying grain and mixing it himself with a supplement, I do not believe it could be broken down. I am not absolutely certain on that, but I would be only too pleased to try and get that figures are available on the percentage. We do have estimates, certainly, of the percentage of the feed moving into eastern Canada and British Columbia under feed freight assistance that has various end uses. I must admit that these are at best, estimates. You do not have a record of the quantities purchased by individual consumers. That type of record is not kept. The claim is made by the wholesaler, or the retailer depending upon the level at which he operates.

Mr. MOORE (*Wetaskiwin*): Mr. Chairman, I wonder if we could have an indication of the difference in prices of eggs in different areas, whether it be provinces or different general areas of the country. I know you cannot give an average because it may vary but I just want a general picture. Do you understand the question?

Mr. WILLIAMS: We could get you the exact figures at the present moment on the basis of the national weighted average but we do not have it here. If it is a general indication of what happens in the average, Mr. Payne could certainly give you that.

Mr. PAYNE: Well, Toronto is usually a base price area. You get usually about one cent less in Montreal. It varies there, too. The maritimes particularly the Nova Scotia area that is exporting into Montreal, is usually about two cents below that. Manitoba, depending again on the situation, is usually about three to four cents below Toronto. Then, it drags out across the prairies in to Saskatchewan. They are usually one cent below Manitoba. Then you get into Alberta and they become somewhat influenced by the British Columbia market. The British Columbia market is usually as high as or higher than the Toronto market.

Mr. MOORE (*Wetaskiwin*): It seems to me that at different times—I am not sure of my figures—there has been a tremendous difference between egg

prices, say in Saskatchewan or Alberta and Toronto, more than is indicated here. I just wondered if there is any explanation for this.

Mr. PAYNE: This would be in periods of surplus. There again you have your large consuming centres in Montreal and Toronto, and you have your cartage trade and the surplus situation which can develop in the west or in Ontario, for that matter, will create a situation where those eggs will probably be going to the breakers into Winnipeg and they will be bringing breaking prices.

Mr. MOORE (*Wetaskiwin*): In other words, in periods of surplus supply all eggs sold say in Alberta and Saskatchewan at any one time could practically all be breakers?

Mr. PAYNE: Well no, because you still have your big market.

Mr. MOORE (*Wetaskiwin*): These eggs are shipped both ways, of course that is, to the British Columbia market or to the eastern market. This is possible?

Mr. PAYNE: Yes.

Mr. JORGENSEN: Mr. Chairman, I wonder if I could raise another question. This deals with poultry rather than eggs.

Mr. PETERS: Before you do that could I ask a supplementary question. Some time ago we heard a great deal about this vertical integrated market; my understanding is that some of the chain stores do have a total vertical integrated market from, in effect, owning the farm, owning the poultry and owning the guy who works for them. The eggs that are produced, obviously, on that farm are going to have a much more uniform relationship to the market because they control the market in that sense. Have Steinbergs and Dominion Stores and A & P and others that are in this field, Loblaw's, I suppose, exercised any influence on the total market toward stabilization of price? How extensive is it? Is it 10 per cent, 20 per cent, 50 per cent?

Mr. PAYNE: In the case of Toronto Loblaw's have about a one in fifteen influence, because there are sixteen reporters in Toronto. This varies from a low of 12 to a top high of 16. These are our wholesale reporters and each wholesaler has equal weight in this matter of determining the price, so in the case of Loblaw's egg grading station, which is a wholesaler you are referring to, on a day with 16 reporters, they would have 1/16th of the weight.

Mr. PETERS: Stabilizing? I am not speaking from the farmer's point of view now, I am speaking of the marketing price. Is this a stabilizing effect? It seems to me there is no tendency in this case to have a surplus of eggs. They would not likely be in a position of over-owning their market.

Mr. PAYNE: There are 15 others reporting in there who are pushing eggs in every day.

Mr. PETERS: Yes, but they own their own market and they no doubt could expand to cover their own market. They may purchase. They may be short of the market, but they are not likely to be selling eggs outside of their own outlets. They may buy for their outlets but they are not likely to sell outside of their outlets. So, the effect would be on the selling price rather than on the purchase price?

Mr. PAYNE: What is the basic question.

Mr. WILLIAMS: I think I could answer it. In this particular case you are quite right. They do not sell. But in the case of the chain store the way Mr. Payne made reference to in Toronto, those are all purchased eggs that are going through there. Those are not eggs that are produced by hens owned by the chain stores.

Mr. PETERS: Oh, well—

Mr. WILLIAMS: They would be essentially all under contract, would they not, Frank?

Mr. PAYNE: Yes, they have a basic contract with these people to ship them their eggs.

Mr. PETERS: So this would be a stabilizing factor, at least a short term stabilizing factor for the market, would it not?

Mr. WILLIAMS: Yes, and I think the studies which were done by the department indicated that, namely, that this wholesale to retail cartoned egg price was a much more stable price than the old spot price. One of the basic reasons is that a lot of these eggs are under contract and being under contract there is not the same fluctuation in supply.

Mr. PETERS: Going to the other end of it, in the reverse, if there are surplus eggs and they are surplus at specific periods of the season, this would decrease the price for sold eggs, perhaps not at the consumer level but at the purchase level. In other words, there would be a surplus available to a limited market because the market is pretty well controlled in those 16 segments, anyway.

Mr. WILLIAMS: Well, I think that you always have this case when you have a controlled market plus a free market. All of your surpluses and all your deficiencies show up in the free market. As the free market decreases in percentage, your fluctuations become more violent, because your surpluses represent a larger percentage of a small amount and your deficiencies represent a much larger percentage of a small amount. The situation is identical with the world sugar situation where approximately 90 per cent of the world sugar moves under contract and 10 per cent moves free. Any little shortage or any little surplus has a very marked effect on the price on the free market because they represent a very large percentage of the market, although it may be a very small percentage of the total market.

Mr. PETERS: Is this more evident on a regional basis than it is on a local market? I would presume that Loblaw's are operating mainly in the Toronto market or in the large reporting centres, which would mean no call to a grading station out in Saskatchewan, for instance. This would be the place they would cut off. They would not cut off their own producer in southern Ontario. They would not really be in the market for eggs in Saskatchewan. What I am trying to get at is we get a report all the time. I do not know whether it is true or not because I do not come from western Canada. However, we get reports that eggs are selling—farm organizations come to Ottawa and make presentations and they ask about 15 cent eggs, number 1 eggs. Well,—nobody is going to produce eggs for 15 cents. That is a fact because it is way below their cost, and I am in



agreement that probably it is because of the exceptionally large fluctuation in a very small quantity of the market that the fluctuation would be greater. This is more apparent, I presume, on a regional basis. What I am getting at is that I personally have been willing to support the idea of establishing for stabilization purposes regional areas rather than the national weighted average because it seems to me that we just do not have eggs in Ontario at 17 cents at any time. I do not think you could buy cracked eggs in Ontario at 17 cents. But if you buy grade A large in western Canada at 17 cents, this is the only way they can sell them. If you take the national weighted average you arrive at an egg price, for stabilizing, at around somewhere about 30 cents. This means that the national average runs around 30 cents and it does not seem to me that we are able to compensate the farmer with a reasonable price in those areas where small quantities of eggs have this terrific fluctuation.

Mr. WILLIAMS: I think part of the problem is that when one quotes prices of anything it is essential that one define where the price is quoted and on what quality it is quoted. I would say that over the years the Agricultural Stabilization Board's records in respect of eggs at the various local markets across Canada, on which our national weighted average is developed, do not show the type of fluctuations that often are reported. I would hesitate to be critical of the people who are reporting these, but sometimes they probably refer to mixed or ungraded farm eggs, probably a very large percentage of Bs, particularly in the hot weather, and maybe 100 miles from the nearest grading station, when we are talking prices such as you have mentioned. But, actual prices, that is prices of Grade A large delivered to a grading station, do not fluctuate as much as that. When I am saying that I will also say that eggs in more remote markets fluctuate more widely than they do as eggs near the larger centres. It is a question of degree that I am trying to define here. I do not think it is quite as severe as it is sometimes indicated.

Mr. PETERS: Is there anything further we can do? Is our assumption wrong that if we change to the basis from a national weighted average to a regional weighted average that this would bring considerable stability to the price in all areas, although it may not be feasible. I am not going to argue whether it is or not because I do not know and I am not of my own knowledge telling you that eggs are 17 cents in western Canada. I do not know if they are or not. These are the reports that we hear. This is the reason we have been interested in supporting proposals such as Mr. Rapp made not long ago of changing the base from a national base to a regional base for stabilization purposes.

Mr. WILLIAMS: To answer that question, the board has done studies on historical data using a hypothetical regional base and arriving at the hypothetical payments that would have been made had there been a regional average and a regional base and a regional support level. Now, using the same percentage right across Canada but determining different levels depending upon the ten year base in the provinces, in some years it would have been to their advantage and in some years it would have been to their disadvantage. On the average, it did nothing. In other words the advantages cancelled out the disadvantages. Now, that was the finding of our economics people who did this work. I want to make myself quite clear. That is, using a national support level

on a percentage basis but applying this percentage to arrive at a support level, applying this percentage to the ten year average in the region.

Mr. PETERS: Would the cost of administration be considerably higher?

Mr. WILLIAMS: It is not so much the cost of administration as the problem associated with the fact that eggs produced within a region are not of necessity marketed in that region. You may have difficulty in deciding from the address of the gentleman who claims where his eggs actually where marketed. That is the administrative problem. There is an administrative problem, obviously, but the administrative problem in respect of using 10 averages or 5 averages is not great one. The administrative problem is trying to decide which one he should be getting.

Mr. LEFEBVRE: I know it is almost 11 o'clock, and I do not want to hold up the Committee, but I would like very much, for my information and perhaps for some of the other members, to have some answers to these questions printed as an appendix, probably, to today's proceedings. My questions are these: in thousands of dozens of eggs, sir, I wonder if you could have the answer printed—how many are produced in Canada, divided by the provinces; consumed in Canada, divided by provinces; imported into Canada, by provinces and from what countries; and exported from Canada, divided by provinces and to what countries; also, the dollar value in each instance at the retail level.

Mr. WILLIAMS: We will give you what we can of that. We do not have consumption by provinces. We do not have imports by provinces. In other words, all the imports are recorded at the various ports of this country. That does not mean to say they are consumed within the province in which they enter. For instance, if they enter through Halifax we do not know—there are no records kept, at least—whether that shipment may not end up in Alberta. We will give you what is available.

Mr. LEFEBVRE: Thank you.

Mr. WILLIAMS: We certainly have production and consumption figures, the consumption figures, being, of course, on a national basis.

Mr. McKINLEY: Could we also have what is exported as eggs which have been broken, melange and this sort of thing?

Mr. WILLIAMS: Egg products?

Mr. McKINLEY: Yes.

Mr. WILLIAMS: Mr. Chairman, if I might have the opportunity, just before that, there have been several questions or implied questions at least, asked in respect of the change in the structure of the egg producing industry in Canada. The Agricultural Stabilization Board did a survey of the people who claimed under our 1963 support program. I have here the figures that I could read very quickly. This showed that 35 per cent of the producers who claimed—now I am not saying of all, but we have to presume that since they had money coming at most people claimed—had between 1 and 99 hens. The biggest groups had between 100 and 500 hens, that was 47 per cent. Eight per cent had between 500 and 1,000; 7½ per cent had between 1,000 and 5,000, and I will not bother adding the rest of them but the remaining percentage, which amounts to less than 2 per cent, had over 5,000 hens.

Mr. JORGENSEN: Could you tell us the amount of production. For example, what quantity of the total production does that 2 per cent produce as opposed to the groups in the other categories?

Mr. WILLIAMS: I cannot tell you from the data I have here, Mr. Jorgenson, but we can certainly tell you.

Mr. JORGENSEN: Well, if you can get the information, perhaps that would be all right.

Mr. ÉTHIER: Mr. Williams, would it be possible to ask the department for the amount of eggs that were imported into Canada in the year 1965?

Mr. WILLIAMS: Yes, sir, that will be provided under the question asked over here.

Mr. ÉTHIER: You have the breakdown there by provinces but you will be giving it by just the total?

Mr. WILLIAMS: Yes.

Mr. ÉTHIER: The eggs that come, in, broken eggs by the pound, frozen eggs, I suppose.

Mr. WILLIAMS: Yes, sir.

The CHAIRMAN: If this information is provided to the Committee, are there any other questions concerning eggs?

● (11.00 a.m.)

Mr. JORGENSEN: I have none on eggs, Mr. Chairman, but I have some on poultry that I would like to put.

Mr. DANFORTH: I have further questions, Mr. Chairman, on this.

The CHAIRMAN: Well, all we can do then today, as far as I am concerned as chairman, is to adjourn this committee until Tuesday morning at 9.30, if we are still here.

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Chairman, we could complete the remaining items except item 1 and come back to item 1, if that were the wish of the committee?

Mr. DANFORTH: I do not agree, Mr. Chairman.

The CHAIRMAN: Is it the wish of the committee, then that we pass all the other items except item 1 and we could finish up or try to finish up the estimates next week, some day; that items 15, 20, 25, 30 and 35 be passed? This still leaves item 1 standing.

Some hon. MEMBERS: Agreed.

Mr. DANFORTH: With the understanding, Mr. Chairman, we can bring up any topic we wish under item 1. That is normally the agreement I believe, that under item 1 you can always—

Mr. ASSELIN (*Richmond-Wolfe*): Mr. Danforth, you remember the agreement we made prior to standing item 1 until the end.



The CHAIRMAN: Is this agreed?

Agreed.

Items 15, 20, 25, 25, 30 and 35 carry.

The committee adjourned.

## APPENDIX "I"

Supplementary Questions Re Eggs  
from the Committee on Agriculture, Forestry  
and Rural Development*Question*

## A. Production of Eggs:

- (1) What percentage is consumed in Canada.
- (2) To what countries are shell eggs exported to, indicating quantity

## B. Consumption of Eggs:

- (1) What percentage of the eggs consumed in Canada is imported.
- (2) Countries of origin of imports and quantity.

*Answer*

Due to the overlapping of these questions the details will be found in the material in Table 1 or as specified.

Table 1

PRODUCTION & CONSUMPTION—EGGS  
(000 doz)

	1964	1965
A. Production in Canada	437,906	432,795
B. Consumption	414,820	418,562
A. (1) Consumption as % of Production	94.7%	96.7%
B. (2) Imports (inspected C.D.A.)	502	2,422
B. (1) Imports as % of Consumption	.12	.58

The answer to question A.(2) will be found in Table 4.

*Question*

## C. Canadian Production by provinces.

This information is set out in Table 2 on the attached sheet.

## D. Consumption by provinces.

Statistics on consumption are available only on a national basis. This information is not available by individual provinces because details of interprovincial movements are not obtained.

## E. Imports into Canada by provinces.

The statistics of imports of shell eggs into the various provinces from outside of Canada, for consumption, are available only on the basis of inspected imports. These are set out in Table 3.

## F. Exports from Canada by provinces.

Exports of shell eggs by provinces are set out in Table 4.

7. Indicate the dollar value at the retail level in each instance.

As indicated in Table 2 only the farm value is available as supplied by the Dominion Bureau of Statistics. Total values at other levels are not available.

Table 2

## CANADA EGG PRODUCTION AND VALUE BY PROVINCES 1964-1965

PROVINCE	1964		1965	
	Net Production (000 doz.)	Farm Value* \$000	Net Production 000 doz.	Farm Value* \$000
P.E.I.	4,079	1,357	3,944	1,341
N.S.	18,279	6,217	18,450	7,424
N.B.	9,713	4,090	9,189	4,092
Que.	71,520	26,684	77,013	31,078
Ont.	177,023	58,779	170,701	62,307
Man.	42,878	11,564	42,584	13,036
Sask.	28,089	7,746	25,379	7,682
Alta.	38,574	10,748	36,654	11,765
B.C.	47,752	15,934	48,881	18,220
CANADA	437,906	143,119	432,795	156,945

Source D.B.S.

\*Retail value not available.

Table 3

INSPECTED IMPORTS OF SHELL EGGS  
(EXCLUDING EGGS FOR HATCHING)

## Destination and Year

	To: B.C.	Alta.	Sask.	Man.	Ont.	Que.	Atlantic Prov.	TOTAL
	—cases of 30 dozen—							
1961	7,041	10,782	—	8,770	24,646	137	—	51,376
1962	3,960	809	—	—	50,769	300	—	55,838
1963	3,816	1,522	—	38,452	128,570	17,483	330	190,173
1964	—	—	—	—	16,724	—	—	16,724
1965	5,179	2,296	—	—	52,560	20,731	—	80,766*

## Country of Origin and Volume

	U.S.A.	U.K.	Poland	Total
1961	44,379	—	6,997	51,376
1962	13,642	—	42,196	55,838
1963	190,173	—	—	190,173
1964	2,050	14,674	—	16,724
1965	67,802	12,964	—	80,766

Source: Poultry Market Review CDA



Table 4

## INSPECTED EXPORT OF EGGS (EXCLUDING EGGS FOR HATCHING)

*By Destination and Year*

To:	U.S.A.	B.W.I.	Other	TOTAL
—cases of 30 dozen—				
1961	58,509	11,607	94,194	164,310
1962	20,209	5,590	3,987	29,786
1963	24,587	6,055	525	31,167
1964	32,479	7,727	10,002	50,208
1965	—	4,028	9,540	13,568

Source: Poultry Market Review CDA

*By Origin and Destination (1965)*

B.C.	—	—	1	1
Alta.	—	—	—	—
Sask.	—	—	—	—
Man.	—	—	—	—
Ont.	—	1,362	6,869	8,231
Que.	—	300	—	300
N.B.	—	—	—	—
N.S.	—	2,366	2,670	5,036
P.E.I.	—	—	—	—
TOTAL	—	4,028	9,540	13,568

Source: Poultry Market Review CDA















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OF  
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LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966

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STANDING COMMITTEE

ON

UNIVERSITY OF TORONTO

# Agriculture, Forestry and Rural Development

*Chairman:* Mr. EUGENE WHELAN

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## MINUTES OF PROCEEDINGS AND EVIDENCE

No. 26

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Respecting

Estimates (1966-67) of the Department of Agriculture  
and including the

FOURTH REPORT TO THE HOUSE

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TUESDAY, JULY 12, 1966

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WITNESSES:

*From the Department of Agriculture:* Mr. S. B. Williams, Assistant  
Deputy Minister and Chairman of the Agricultural Stabilization  
Board; Mr. A. D. Davey, Director, Poultry Division.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1966

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan  
*Vice-Chairman:* Mr. Herman Laverdière  
and

Mr. Asselin	Mr. Herridge,	Mr. Peters,
( <i>Richmond-Wolfe</i> ),	Mr. Honey,	Mr. Pugh,
Mr. Beer,	Mr. Hopkins,	Mr. Rapp,
Mr. Berger,	Mr. Horner ( <i>Acadia</i> )	Mr. Ricard,
Mr. Choquette,	Mr. Johnston,	Mr. Roxburgh,
Mr. Clermont,	Mr. Jorgenson,	Mr. Schreyer,
Mr. Comtois,	Mr. Lefebvre,	Mr. Stafford,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Stefanson,
Mr. Danforth,	Mr. Matte,	Mr. Tucker,
Mr. Éthier,	Mr. McKinley,	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Faulkner,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	<i>guay-Hutingdon-</i>
Mr. Gauthier,	Mr. Neveu,	<i>Laprairie</i> ),
Mr. Gendron,	Mr. Noble,	Mr. Yanakis—45.
Mr. Godin,	Mr. Nowlan,	
Mr. Grills,	Mr. Olson,	

(Quorum 15)

Michael B. Kirby  
*Clerk of the Committee.*



## REPORT TO THE HOUSE

WEDNESDAY, July 13, 1966.

The Standing Committee on Agriculture, Forestry and Rural Development has the honour to present the following as its

### FOURTH REPORT

In accordance with its Order of Reference of March 22, 1966, the Committee had before it for consideration, the items listed in the Main Estimates for 1966-67 relating to the Department of Agriculture.

Your Committee has considered and approved the Main Estimates 1966-67 of the Department of Agriculture, namely: Items 1, 5, 10, 15, 20, 25, 30, 35, 40, 50, 55 and 60, and commends them to the House for approval.

Your Committee wishes to express its appreciation to all those who presented evidence, and in particular The Hon. J. J. Greene, Minister of Agriculture; Mr. S. C. Barry, Deputy Minister; Mr. S. B. Williams, Assistant Deputy Minister, Production and Marketing Branch and Chairman of the Agricultural Stabilization Board; and Mr. J. S. Parker, Director General, Departmental Administration.

Your Committee would like to make the following recommendations:

#### *Administration*

Your Committee, during the many meetings it held, could not help noting that across the country the many jurisdictions cause inequalities and other difficulties that make it more difficult for the Canadian farmer to operate. It is our Committee's view that Canada in conjunction with the provinces should develop a more coherent and systematic set of agriculture policies that would have equal application across the country.

Your Committee is concerned that the stabilization of agricultural produce under the present system cannot always achieve the desired results. It is the Committee's opinion that the Department of Agriculture should study the various supply control systems and where possible recommend such schemes. From the Evidence presented it was the unanimous opinion of your Committee that additional measures concerning agricultural production and marketing is sorely needed.

More Federal-Provincial projects under A.R.D.A. and P.F.R.A. should be instigated on the initiative of the Federal authorities. It is your Committee's view that with the initiative and implementation left to the provinces, many farmers are placed at a disadvantage, primarily because some provinces do not have the revenues for implementation.

#### *Importation*

Your Committee has heard evidence that massive seasonal movements of foreign agricultural products into Canada have had a harmful and depressing

effect on the markets of certain Canadian Agricultural products. Canadian markets and production should be closely watched by the Department of Agriculture and when the importation of agricultural products appear to have a harmful or depressing effect, quick and decisive action should be taken. Your Committee is of the opinion that the present system is inadequate to speedily combat such situations when they arise. Your Committee feels that regulations should be established that will give officials the power to take the proper action quickly.

#### *Staffing*

It has been brought to your Committee's attention that it is increasingly difficult to recruit qualified professional personnel for the Department of Agriculture. Your Committee is of the opinion that greater success could be achieved if the Department were to take more initiative in the recruitment of professional personnel.

#### *Research*

Today research into the physical sciences and technology is of paramount importance and your Committee would like to commend the Research Branch of the Department of Agriculture for the work done and under progress.

Your Committee, however, believes that research into all fields of the sciences and particularly the agricultural sciences should be greatly expanded.

Agricultural technology is to your Committee a subject of serious concern as it is an area that directly affects the farmer's costs, and productivity. As a result, your Committee feels that research into this subject should receive greater attention.

Your Committee notes that over the last few years the Department of Agriculture has been refitting, rebuilding and refurbishing many of its research laboratories. Your Committee feels that this program should be approached with a greater sense of urgency.

#### *Insurance*

Your Committee supports the principle of crop insurance and believes that its application should be extended.

Your Committee is of the opinion that serious consideration should be given to amending the Prairie Farm Assistance Act so that the benefits it provides could be extended under a broadened crop insurance program, not only to the Western Provinces, but to the whole country.

Your Committee recommends that the P.F.A. Act be amended to allow sections of lands lying diagonally (Kitty-Corner) to each other to be eligible areas.

#### *Extension*

Your Committee is of the opinion that agricultural extension is of paramount importance and that effective use of research and experimental results are not now fully or adequately adopted by practising farmers. Your Committee believes demonstration plots or farms administered by the Federal Agricultural Research Stations would assist in solving this problem.

Your Committee requests that the Government give serious consideration to working in conjunction with Provincial Extension Services, to arrive at a

improved method of disseminating valuable research information and suggestions on a farm to farm basis and on a personal basis where possible.

### *Inspection and Sale Act*

Your Committee is of the opinion that the Inspection and Sale Act, Chapter 155, R.S.C. 1952, along with the Inspection and Sale Act Regulations which appeared in the Canada Gazette, October 13, 1954,—S.O.R. 54-445—are no longer of any great value and the feasibility of placing the subject-matter of this Act under some body other than the Department of Agriculture should be examined.

### *Fur Farming*

Your Committee recommends that greater encouragement be given to the fur farming industry in Canada, as there is great room for expansion of this industry.

Research into fur farming should be expanded and serious consideration should be given to setting up research facilities in central Canada, so as to serve more efficiently the fur animal breeders across the country.

### *Animal Contagious Diseases Act*

Your Committee feels that compensation payments to owners after slaughter of their animals condemned under the Animal Contagious Diseases Act, R.S.C. 1952, Chapter 9, should be tied to current market prices, and that the Animal Contagious Diseases Act be amended to allow this.

### *Uses of Chemicals*

In taking of evidence, your Committee became concerned with the ever increasing use of drugs and chemicals in the agricultural industry. It is your Committee's considered opinion that the controls of the use of such drugs and chemicals be kept under constant review in order that the consumer be protected in the use of such farm products.

Your Committee has heard some evidence which might indicate that the Health of Animals Branch of the Department of Agriculture could better police the sale and administration of drugs and chemicals used in livestock and poultry production. It is your Committee's recommendation that an interdepartmental committee, comprised of officials from the Departments of Agriculture and National Health and Welfare, be established to study and examine this aspect of drug and chemicals use with a view to establishing the best methods of control.

### *Sheep*

Your Committee feels that the sheep industry is an area of the livestock industry that needs a great deal of encouragement.

### *P.F.R.A. Administration*

Your Committee recognizes the great assistance that the Prairie Farm Rehabilitation Act has been to the three western provinces and feels that the spirit and effect of this Act should be extended to the whole of Canada and should be amended so as to allow greater development of water conservation



projects. Community development and certain urban water needs in farming areas should not be ignored.

#### *Off-Track Elevators*

In view of the large scale rail abandonment by both the C.P.R. and C.N.R. in Western Canada, your Committee recommends that the Canada Grain Act be amended so as to allow the Board of Grain Commissioners to license off-track grain elevator storage space.

#### *Canadian Government Elevators*

It is the opinion of your Committee that all Government owned grain elevators should be placed under the direction and control of one body.

#### *Race Track Betting*

Your Committee recommends that the administrative responsibility for the supervision of pari-mutuel systems of betting at race courses should be transferred from the Department of Agriculture to another department, as it is clearly law enforcement. Your Committee notes that the Royal Commission on Government Organization made a similar recommendation in Volume Three of its report.

In order to make more permits available to agricultural associations wishing to obtain "racing days", it is your Committee's view that the date of incorporation be raised from March 20th, 1912 to January 1st, 1967.

\* \* \* \* \*

A copy of the relevant Minutes of Proceedings and Evidence (*Issues Nos. to 26*) is appended.

Respectfully submitted,

EUGENE WHELAN,  
Chairman.

## MINUTES OF PROCEEDINGS

TUESDAY, July 12, 1966.

(33)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 10.35 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Beer, Berger, Comtois, Danforth, Éthier, Gaulkner, Gendron, Honey, Hopkins, Laverdière, Lefebvre, Matte, McKinley, Moore (Wetaskiwin) Neveu, Peters, Pugh, Stefanson, Schreyer, Watson (Assiniboia), Watson (Châteauguay-Huntingdon-Laprairie), Whelan, Yanakis, (3).

*Also present:* Mr. Gray, M.P.

*In attendance:* From the Department of Agriculture; Mr. S. B. Williams, Assistant Deputy Minister (Production and Marketing), and Chairman, Agricultural Stabilization Board; Mr. A. D. Davey, Director, Poultry Division; Mr. J. S. Parker, Director General, Departmental Administration.

The Committee resumed consideration of the estimates of the Department of Agriculture for the 1966-67 fiscal year. The Chairman again called item I of the estimates.

Mr. Williams, prior to questioning, answered, at the request of the Minister, two questions which had been asked of the Honourable J. J. Greene, Minister of Agriculture, when he appeared before the Committee.

The Committee then resumed questioning the witnesses.

Mr. Beer moved that item I of the estimates of the Department of Agriculture for the 1966-67 fiscal year carry.

Mr. Danforth, on a question of privilege, stated that he had some more questions to ask of the witnesses regarding eggs.

*Agreed,—*That Mr. Danforth finish his line of questioning on eggs.

Later Mr. Beer moved, seconded by Mr. Yanakis that item I of the estimates of the Department of Agriculture for the 1966-67 fiscal year carry.

After debate on the motion it was *carried* on division; Yeas 13, Nays 2.

*Agreed,—*That the subcommittee on Agenda and procedure meet to consider draft Report for presentation to the House.

At 12.35 o'clock p.m., the Chairman adjourned the committee to the call of the Chair.

EVENING SITTING  
(34)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened *in camera* at 9.00 o'clock p.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Beer, Comtois, Gauthier, Gendron, Godin, Grills, Honey, Johnston, Laverdière, Neveu, Schreyer, Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (15).

The Chairman informed the Committee that the Subcommittee on Agenda and Procedure had considered a draft "Report to the House".

Mr. Honey suggested, and it was *agreed*, that the Chairman read each paragraph and the Committee could "pass" on each as he read it.

Following reading of the draft Report and discussion, there were several amendments which were adopted.

On motion of Mr. Asselin (*Richmond-Wolfe*), seconded by Mr. Grills,

*Agreed*,—That the Report be adopted and the Chairman be instructed to present it to the House at its next sitting.

On motion of Mr. Schreyer, seconded by Mr. Johnston,

*Agreed*,—That the Chairman adjourn the Committee to the call of the Chair.

At 10.05 o'clock p.m., the Chairman adjourned the Committee to the call of the Chair.

Michael B. Kirby,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded By Electronic Apparatus)

TUESDAY, July 12, 1966.

● (10.35 a.m.)

The CHAIRMAN: If there are no objections we can begin questioning Mr. Williams.

Mr. S. B. WILLIAMS (*Assistant Deputy Minister, Production and Marketing, Department of Agriculture*): Mr. Chairman, I now have answers to questions which were asked in the committee. The first of these is one which was asked by Mr. Jorgenson on the 17th of June, in which he asked whether Mr. Greene would be prepared to make a study on how many farmers are not going to be covered by the Canada Pension Plan. Mr. Greene has asked me to report that he has had departmental officials study this matter with officials of the Canada Pension Plan. They report back that because of two difficulties, one being the definition of a farmer, and the second and more important one, being that information is lacking as to income for sources other than farming for quite a large segment of it—these sources, of course, would be covered as well as sources of income from farming—that it is not possible to make an estimate until after the 1966 census and after the first years of the operation of the plan.

The second question I wish to answer was one asked at the last meeting concerning the percentage of western feed grains that had various end uses in eastern Canada. At that time I indicated I would get in touch with officials of the feed freight assistance administration in the Department of Forestry. I have contacted these gentlemen and as I indicated earlier, accurate figures—I should not say accurate figures—no data are available. Basically the story is that there are each year somewhat over two million tons of western grain moved into eastern Canada and British Columbia. Here it is mixed with, or utilized along with, is possibly a better term, some 4,800,000 tons of eastern grown grain. It is also mixed with protein concentrates and a certain amount of United States corn. When I say "mixed" this means that all these enter into trade and commerce in eastern Canada. This being the case, it is impossible from their records to determine the end use. However, they inform me that east of Ontario he estimates they use are that of the western feed grain moving into that part of Canada, 50 per cent is used by the poultry industry; 24 per cent by the dairy industry; 22 per cent by hog producers and the remaining 4 per cent by beef cattle and assorted other very small users. That was all I had, Mr. Chairman.

The CHAIRMAN: Mr. Pugh, do you have some questions?

Mr. PUGH: Oh, yes, if I could open with one.

The CHAIRMAN: Mr. Danforth has said he had some unless you wanted to begin.

Mr. PUGH: First, to open it up, is there a quota on United States turkeys coming into Canada at the present time?

Mr. WILLIAMS: At the present time there are no restrictions on the movement of turkeys into Canada other than the restrictions—I should not say restrictions—other than the tariff and any restrictions associated with, and possibly not the word restrictions, but regulations associated with health and grading. There are no quotas on turkeys.

The CHAIRMAN: Before you go on, Mr. Pugh, I have been negligent in not properly introducing the officials. Mr. S. B. Williams, Assistant Deputy Minister of Agriculture, in charge of production and marketing; Mr. A. D. Davey, Director, Poultry Division, Production and Marketing Board and Mr. Parker, Director General, Departmental Administration.

Mr. PUGH: I will not ask a straight series of questions, but I will go back to the quota system on turkeys. There was a quota in effect, the quota was lifted and the immediate reaction, a natural reaction, was that this was harmful to turkey production in Canada. Not only was it harmful but the end play on it was the stopping of production of turkeys because the margin of profit was too small. What I am interested in finding out is from a statistical point of view has turkey production gone down in Canada over, say, two or three years ago and is the profit margin actually smaller?

Mr. WILLIAMS: In reply to the first portion of the question, turkey production has increased in both of those years over the previous year. In so far as profit margin is concerned, that is not an item on which we have definitive figures. We can give you average prices, but we cannot tell you whether or not there has been a change in the profit margin.

Mr. PUGH: Have there been any representations from poultry or from turkey producers, not as a general protest in Canada, but from various areas. I am thinking about the island and British Columbia, Ontario, the interior of British Columbia and elsewhere. Have there been representations, say, within the last year that the quota system should be reinstituted?

Mr. WILLIAMS: There have been representations that a form of restriction or quota should be reinstituted, yes.

Mr. PUGH: Is this quota system not on so much per annum but rather so much per month from the United States?

Mr. WILLIAMS: The previous quota varied from time to time. At the time it was lifted it was a total amount per year and not more than half of that in any one quarter.

Mr. PUGH: In any one quarter, yes. Are the representations along the line that the quota system should be reinstituted along the former line?

Mr. WILLIAMS: I do not believe that the representations make specific mention of the type; that is to say, that it should be specifically the same as before or specifically different from before. The representations are more general in nature, indicating that they wish to have some type of a quota restriction.

Mr. PUGH: The next question is more or less hypothetical but I would judge from your position you might be able to answer it. We have had an increase in growth over the last two years. I am very pleased to hear that. Would we have had a much greater increase in Canadian production and marketing if we had had the quota system in effect?

Mr. WILLIAMS: That question is one that I do not think can be answered. It certainly cannot be answered by me. There are two imponderables in it. I think the major one is, what would have been the price had there been—I mean the price to the consumer—a quota system? All I am saying really is that the consumption figures have gone up significantly in each of those years which is of course the reason why the production figures went up or vice versa. But had there been a quota restriction it is impossible to predict what the price would have been and consequently it is impossible to say what the consumption would have been. In general, I would say that the imports since the quota was lifted; that is to say, imports in the last full year since the quota was lifted, were under the previous quota. The previous quota was four million pounds per year.

Mr. PUGH: Yes.

Mr. WILLIAMS: The imports were 3.4 million in 1965.

Mr. PUGH: In 1964 did they not get up—

Mr. WILLIAMS: It was a very large year. It was almost 10 million pounds.

Mr. PUGH: I was going to say nine millions plus.

Mr. WILLIAMS: That is correct, yes.

Mr. PUGH: This was when the initial impact of the lifting of the quota was felt.

Mr. WILLIAMS: That is right.

Mr. PUGH: In other words, I believe that prior to that time we had somewhere around three millions, and that when the quota was lifted in 1964 it surged up and in the first six months we had somewhere around seven million of turkeys.

Mr. WILLIAMS: Yes.

Mr. PUGH: And when I say the initial impact was felt, obviously those turkeys which had not been coming in before had been filled in by turkey production in Canada. There was quite a slump in our efforts. What I am trying to get at is if we still had a quota system is it not reasonable to assume that the increased production would have come about by birds produced in Canada?

Mr. WILLIAMS: If one assumes the same price level I do not think one could make any other assumption than this would have been the case. However, it is of interest to note that in 1963 our production in Canada was 146 million pounds of turkey. Our imports that year were only 38,000 pounds, because of the price relationship. There was a quota on, of course, but the imports did not even come close to filling the quota. The next year production increased by 10 per cent to 162 million. In other words it increased over 10 per cent.

Mr. PUGH: This is 1964?

Mr. WILLIAMS: This is 1964 and in 1965 it increased to 186 million, another 15 per cent again. So in each of those years there has been a very significant increase in Canadian production.

Mr. PUGH: Then this would point out that there is nothing in the nature—does not mean straight dumping but if there is such a word as near dumping from the United States. There is not any worry from the Canadian producer's



point of view there, that our market is being flooded to take the cream or something like that?

Mr. WILLIAMS: Well, basically, I think, if I could review for a moment, the situation in 1964 was that because of changed production patterns in Canada there was a shortage of heavy turkeys early in the year. Now, this is the time of the year that the institutional trade, restaurants and so forth, use heavy turkeys. This is one of the largest uses for turkeys at that time of the year. Prices rose correspondingly to quite a high level and this attracted imports. This was the major reason why the imports were so high in 1964.

Mr. PUGH: It was felt it was necessary to take off the quota in order to fill the normal needs of the Canadian public?

Mr. WILLIAMS: Yes, there was that and there was another consideration, that the quota was and had been questioned for some time as to its legality under the General Agreement on Tariffs and Trade.

Mr. PUGH: Yes, but we still do have a fairly hefty quota system on many other products, for instance, potatoes, seed potatoes on export from Canada to the United States.

Mr. WILLIAMS: Into the United states?

Mr. PUGH: Yes.

Mr. WILLIAMS: We do not have a quota system as such. We have a differential tariff system, a two-level tariff system against us for potatoes moving into the United States.

Mr. PUGH: I would now get away from agricultural products. I always begin to wonder about this quota system because one of the things we always have thrown back at us is the quota system on oil, for instance. We had not touched that but we still had it flung at us, look out or they would lower their quota of Canadian production going into the United States. I had not heard this before that there might be a question of legality under GATT. Are there any other agricultural products, products on which we have a quota system?

Mr. WILLIAMS: You mean coming into Canada or against our product going out?

Mr. PUGH: Against our products going out actually.

Mr. WILLIAMS: And to the United States?

Mr. PUGH: To the United States, yes.

Mr. WILLIAMS: Cheese.

Mr. PUGH: Cheese has a quota?

Mr. WILLIAMS: Cheddar cheese has a quota at the present time, yes. The only other one that comes to my mind is a related one and that is with live cattle: there is a differential tariff rate as the number increases. In general these differential tariff rates have not been restrictive in that we have not reached that level.

Mr. PUGH: I think you have answered all the questions I have, and very well, on this quota system on turkeys. I was interested in that because I have had a great many representations put through simply because I asked a few questions on it before. If the actual imports from the United States are not

running at such a high rate as to have an adverse effect on our total production in Canada, then, obviously it is not really in the eyes of the government having too much effect. The fact that we do not have a quota on at the present time, it has an effect on two things; our production and also the price which the producer receives for his goods. I think that answers everything. Thank you very much.

Mr. STEFANSON: Mr. Williams mentioned that the turkey production has increased substantially. Has the number of producers decreased or increased?

Mr. WILLIAMS: We do not have recent figures. These, of course, I think you will appreciate are only census figures, and the last census figures we have are the intermediate figures, but I think it would be a fair assumption to say that the number of producers has decreased.

Mr. STEFANSON: That they are getting larger producers?

Mr. WILLIAMS: Yes, that is right.

Mr. MOORE (*Wetaskiwin*): Mr. Chairman, would you not say, Mr. Williams, the consumer price of turkeys in Canada would depend largely on the price of other meats? That is, if other meats are high, then turkeys in comparison would go up?

Mr. WILLIAMS: Well, I think there is a relationship between the price of all substitutable products, but I think more important, it is the level of supply in respect of some of these products that affects the price more than the price of other products. Certainly the price of other products or competitive products does have an effect, but the major problem of prices in respect of—well, I think of poultry in general—the major factor has been the supply position in this country.

The CHAIRMAN: A supplementary, Mr. Schreyer.

Mr. SCHREYER: Mr. Williams, you said that there was some questioning of the legality of the quota imposition under GATT. Was there any significant number of representations received from the United States Department of Agriculture protesting the imposition or on whose part was there this questioning, by our own people, or our own officials?

Mr. WILLIAMS: Oh, no. Any questioning would have been done by the United States, but I am not at all certain as to the reply that I should give to our question whether there was a significant number of representations. The representations do not come direct to our department. They normally come either through the Department of External Affairs or the Department of Trade and Commerce rather than to the Department of Agriculture. So, I am afraid I just could not give you an answer as to that, but there were representations made.

Mr. SCHREYER: But the department nevertheless was made aware that there was?

Mr. WILLIAMS: That is correct, yes.

Mr. DANFORTH: Mr. Chairman, I have a whole series of questions that I would like clarified. First, I would like it clearly understood that I am willing to give way for any supplementary or any other line of questioning that any other member of the Committee might have at any time. I would like to have

clarification. I understand that we did pass some of the votes last meeting and that we are now on No. 1. Have I the right to deal with any topic that I wish?

The CHAIRMAN: I would think that when you are discussing Item No. 1 this is the general policy.

Mr. DANFORTH: We are now on No. 1 I understand. Do I have leave of the Chair to discuss any subject that I wish under Item No. 1?

The CHAIRMAN: As long as I do not remember that it had been asked before.

Mr. DANFORTH: Well, Mr. Chairman, I make that stipulation, too. If my line of questioning is a repetition I will give you my permission to indicate it to me at once.

At the last meeting my series of questions was directed to the pricing of eggs for a very specific reason. I am very much concerned, as I am sure other members of the Committee are, over the fact that in the last few years—and even a few months—a lot of small egg producers have gone out of business, and also a lot of dairymen are going out of business. There are some major problems in all facets of agriculture which seem to be directly economic ones and I am trying, in the realm of poultry production, which is a very important industry, to determine what can be done, or what the major reason is that is causing these good producers to go out of business. In answer to a question that was posed at the last meeting—if I may go back just for a moment to lay a basis for further questions—Mr. Williams, in speaking of the excess or loose eggs that were on the market, and I think I am correct in this assumption, in his testimony stated—and I am going to try and paraphrase it as nearly as I can—that the egg carton market, was a major portion of the market. Because the loose egg market was becoming continually constricted there was, perhaps, a greater price fluctuation from a high to a low than would normally happen under the previous market. Following that line of information, may I ask—since now there are two pricing systems in Ontario and Quebec—how the primary producer is informed of the price of loose eggs on either the Toronto or the Montreal market? If I understand correctly, the determining price for carton eggs wholesale-retail is determined by contacting perhaps the 16 major dealers in Toronto, and I would assume the same system would be followed in Montreal, each day, and from the information supplied to them the department then determines the price which is published. Am I correct in that assumption.

Mr. A. D. DAVEY (*Director, Poultry Division, Production and Marketing Branch, Department of Agriculture*): They report the price.

Mr. DANFORTH: And the Department of Agriculture then releases it to the press or to the trade?

Mr. DAVEY: The Department of Agriculture releases it to the various news media and to the trade who phone in and ask what today's price is reported to be.

Mr. DANFORTH: Is this an average price, as stated, or is it a definite price for outlet?

Mr. DAVEY: This is a weighted average price for cartoned eggs at the wholesale-retail level. We do not report the loose eggs price.



Mr. DANFORTH: This is the basis of my question. Where would a producer obtain the price of the loose eggs.

Mr. DAVEY: From his grading station, basically.

Mr. DANFORTH: And where would the grading station obtain this price? Are there any Toronto quotations? Are there any Montreal quotations now on the price of loose eggs?

Mr. DAVEY: Normally he would get this from—if he is selling through a broker or whoever he sells it to—he would get the price from there. It so happens that today there is a price being reported in one of the Toronto papers and being picked up in the Montreal papers from the Toronto market. It is an unofficial price being reported by members of the trade. This is the loose price.

Mr. DANFORTH: Yes, I can appreciate the system, and the fact that the primary producer normally has no other source of information than at the local egg grading station as to the price of loose eggs, but, from his own newspaper, he can find out what is the price of wholesale-retail eggs? Is this correct?

Mr. DAVEY: He can also find out this unofficial price which is also in this Toronto paper.

Mr. DANFORTH: In the one Toronto paper. Well, may I ask, since it is a two-price system, why it is the department has abandoned the pricing of the loose eggs? There must be some basic reason for it.

Mr. DAVEY: Mr. Chairman, I am not sure in what detail Mr. Payne might have given the history of this operation, but in the development of this program over a period of about three years it was quite evident that as long as we continued to report the loose egg price, which we referred to then as the spot price, as long as that price was reported, all the other prices just followed it because through custom it had been the price which was the indicator. And, as the spot price went through wild gyrations, so all the other price levels also went through wild gyrations, and the only way that we could get away from his situation—speaking in the vernacular—where the tail was wagging the dog, was to cut away from the spot price quotation and use a price quotation which represented a much greater percentage of the eggs going on to the market. We tried through a period of time to report the both of them, but we found it was necessary to eliminate the spot price which represented a much smaller percentage of eggs being marketed.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): A supplementary, Mr. Chairman. Do most egg producers now use cartons?

Mr. DAVEY: I think it is a fair estimate that it will be between two thirds and three quarters.

Mr. WILLIAMS: I can dig that figure up, but I do not have it here. It is a very high percentage.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): I wondered roughly whether it was the efficient group of producers who are using the carton system and the smaller, inefficient groups, that are still using the loose system.

Mr. DAVEY: Well, it is the people who are catering to the retail trade, directly to the consumer trade through the large food outlets, and basically eggs sold to the consumer today are sold in cartons. Now, the person who is not

selling in cartons is the man who takes his eggs to a grading station with no particular home for those eggs in his mind when he takes them to the grading station. He, in a sense, is only producing eggs to sell—where, he is not sure—the ultimate market he is not sure. But, there is an increasing number of producers today who—right from the start the whole operation is on a contract. They know when they start to produce those eggs what channel those eggs are going to be marketed through and on what basis, and those eggs basically go into the carton trade.

Mr. WILLIAMS: I think there is one element of misunderstanding, or possible misunderstanding here. When Mr. Davey uses the expression “cartoned egg trade” he does not necessarily mean that the producer himself packs them into cartons—that they are eggs going to the cartoned egg trade. They will be delivered in general by the producers in crates, but not of necessity. There are some producers who have their own grading, packing facilities where they are packed in cartons right at the plant, but, in general, the term is used to designate those eggs that ultimately end up in the carton.

Mr. DANFORTH: Well, Mr. Davey, I am very interested in this information you gave us on the reasons for this. It certainly makes sense. I understand, however, that between the installation of the basic carton price wholesale-retail in Toronto and the same system used in Montreal, there was a time lapse of perhaps 2½ to 3 years. It was explained by Mr. Payne why this was, that it took time to assess the Montreal market and determine how such a system could be installed there. My question is this: When we had a loose egg price publicized from the Montreal market, and a carton price publicized by the government from the Toronto market, did not this in itself set up a two price system which could create havoc in the industry? May I explain “havoc”, Mr. Davey, I am well aware that during the last two or three years, neighbours who have had delivered eggs to the egg market, have received quite a major difference in their return for 30 carton eggs, for eggs of the same grade and standard. I am trying to determine if this was caused by the fact that there were two distinct methods of the pricing of the eggs on this market. Did the fact of the two different types of market quotations sponsored by the government cause this differentiation or make possible this differentiation? I can well appreciate, when you had the two different ones on the same market, how the gyrations on either could cause fluctuations in the other companion price. What is the story when we are dealing with the two main markets, Montreal and Toronto?

Mr. DAVEY: Well, first of all, Montreal is more of a deficiency area, from the standpoint of eggs, than is Toronto. By and large, the outlets in Toronto are set up on a fairly steady flow of eggs, in most of your large chain outlets. In Montreal, even today, under the pricing system that we changed over to in Montreal, they still have eggs coming, or not coming, from as far west as Winnipeg. The people in the Annapolis Valley of Nova Scotia ship varying quantities, some on a reasonably steady basis, but some are what we might call “in and outers”, in supplying that market, depending on the day to day needs of the Montreal market. So, you have a much greater variation in the supply of the demand situation on the Montreal market than you do on the Toronto market.

While the Montreal area was on the spot price and the Toronto area was on the wholesale-retail price, there were many people in the far western parts of Ontario that would ship to Toronto or to Montreal, depending on where they could get the best deal on that particular day. The whole thing, to a degree, hinged on the situation in Montreal. As Montreal becomes more self-sufficient, their day to day needs become more definitely established, you are going to get less of this in and outer approach on that market and, at that time the price reporting system that we have put in there now, is going to be even more effective. I would say, referring to what you said earlier, with the imposition of this wholesale-retail basis of reporting that we are doing now, there is much more stability to the producers generally in their returns, than there was when they were attempting to follow the violent fluctuations in the spot price, which could be easily manipulated up and down.

Mr. DANFORTH: By a minor quantity of eggs?

Mr. DAVEY: By a very small quantity of eggs, and everyone suffered.

Mr. DANFORTH: Following along with this explanation, and I think it is the answer to one great criticism that I have become aware of in this very picture, is it possible or has it been possible—this is something that has happened—for the spot price in Montreal to be higher than the carton price in Toronto? Why I say this is that it follows along with the answer you gave about the fluctuating supply in Montreal. We have had complaints out of the province of Quebec, and maybe justifiably so, that at times, tremendous numbers of Ontario eggs are dumped in the Montreal market. I am just wondering if the price is the factor that would encourage more than a normal movement of eggs from Ontario into Quebec at any one time?

Mr. DAVEY: Going back to the early part of your question, the relationship of the spot price in Montreal and the wholesale and retail price in Toronto, first of all, normally your Montreal price is roughly two cents above the Toronto price, because it is a deficiency area and eggs normally flow in that direction, so you have a slightly higher market. Keeping that in mind then, if you are comparing wholesale to retail in Montreal and wholesale to retail in Toronto, then you might get that two cents price relationship. Your spot price on either of those markets, depending on the supply of loose eggs, might come right up underneath the wholesale to retail price, so it is not beyond the realm of possibility that the spot price in Montreal, in rising up to the wholesale to retail price, might have risen above the wholesale to retail price in Toronto or be equal to it. But it does not stay there long, because it goes up and comes right back down again.

Mr. DANFORTH: That clarifies that picture. This answers the question why there could be this abnormal movement for a short period of time.

Mr. DAVEY: There are times when they are that far apart.

Mr. DANFORTH: I have had complaints that the spot price is at times quite a considerable bit lower—and I am speaking of Ontario—than the carton price and that because of this, anyone who is unable to be a supplier to the carton market, takes, on the average, much less price for the eggs, because regardless of their desires, their eggs move on to the loose market. Is the loose market price



normally less than the carton price, and if there is a variance, can you indicate to the Committee how much this could be?

Mr. DAVEY: Your spot price in the Toronto or Montreal market—we will use the Toronto market—as I have already stated, might be right up tight underneath the wholesale to retail price and, if there is an unusual flood of loose eggs it may be 13 to 15 cents under, when it is going through these wild gyrations which it does.

Mr. DANFORTH: I certainly do not want to put words into your mouth, Mr. Davey, but could this account for—and this is something that is troubling me—and you said up to 15 cents a dozen, which would be roughly \$4 to \$4.50 on a case of eggs—the difference in two neighbours in an area receiving \$4.50—and I have seen this happen, and an even greater amount—difference for eggs on any particular day? Could it be because of the very market that they were destined to?

Mr. DAVEY: We have seen instances where two men on the same concession get widely different prices, because one man in his merchandizing program has tied up with an outlet that is selling a special pack of eggs on to the cartor trade, and the other fellow has not been as fortunate in his merchandizing program. As a result of this, his eggs go to the loose market.

Mr. DANFORTH: This is my point, Mr. Davey.

Mr. DAVEY: It is strictly up to the individual.

Mr. DANFORTH: But what I am trying to get at, is the basis of how this could happen. I can appreciate if the individual does not take the initiative, or does not get a contract, that this could conceivably happen. But I would like to know how it could happen that two neighbours could receive a differentiation in price at all times on comparable quality and grade of eggs. I want it understood that I am speaking of comparable grades, because there is a tremendous variation in quality coming from various farms, I appreciate that. I am speaking on this very principle.

Mr. DAVEY: There is a quantity factor too, as a variation in price.

Mr. DANFORTH: I can appreciate that. This was brought out at the last meeting, that the difference in quantity could have a difference in premium prices paid, the collection charges, and so on.

Having once established that, Mr. Davey, I would like to move into the other field of the actual pricing of the carton wholesale-retail itself. Because of the fact that the marketing—and I am speaking of Toronto—has been constricted to 15 or 16 major outlets, from which the prices are obtained, is there any possibility of collusion between those outlets to maintain a price? I certainly do not want to put you in a position where you find a question embarrassing. May I rephrase this question in order to give you an opportunity to assess the point am driving at.

Mr. DAVEY: It is not embarrassing and I would like you to proceed.

Mr. DANFORTH: I want to be absolutely fair in this, because this is a very particular thorny problem, especially in my area. Let me put it this way. There was an instance where over a period of seven weeks, the wholesale-retail price in Toronto remained constant and there was a difference of approximately 2

ents for grade A large quality eggs between what the producer was receiving and what the wholesale-retail price was. During that seven week period, the price paid to the primary producer dropped progressively 12 cents, until there was a differentiation of 34 cents per dozen, yet the price wholesale-retail remained constant. Can you explain or offer any explanation why this could happen?

Mr. DAVEY: I do not have the statistics here to bear out any trend of that nature. All I could say to you in answer to the first part of your question is that in the coverage we get in the Toronto area, we are covering about 80 per cent of the eggs being marketed in the Toronto area in the wholesale to retail area. Among these 16 people, I think there is sufficient competition for the consumers' grade to get away from any collusion among them. There is enough variation in these prices from day to day; that is, all the trade is not on the same price. Here again I am not sure how much detail was explained to you, but in obtaining our price statistics, in covering these 16 people, we find out what volume of eggs is first reported as sold at such and such a price—and here we will speak of grade large alone—how many cases at such and such a price, and so on. You will find that one supplier might have three or four different prices, depending on the number of eggs his customer is buying. Therefore, we go through that whole operation with these 16 people and by averaging them out for each of these 16 individuals, I think we get a fairly complete and comprehensive picture.

(Translation)

Mr. MATTE: It would appear that prices are set by the volume of eggs offered for sale. How is it then that even when eggs are expensive you can get as many as you wish, providing you are willing to pay?

(English)

Mr. DAVEY: The question was: How is it when eggs are a high price, there is a shortage—

(Translation)

Mr. MATTE: The shortage seems to set the prices. Is that right? How is it that when eggs are dear, you have as many as when they are cheap, depending on what you pay?

(English)

Mr. DAVEY: I think the answer there is that your prices fairly definitely tie in with your volume. It just goes back to the point that was raised before. You get a flood of eggs coming onto the loose market and down comes your spot price. Supply and demand do have a definite effect. In reporting the movement of prices of the wholesale to retail level, you do not get these same violent changes to a large degree, because most of these retail outlets know about how many eggs they need for their customers each week, roughly at least, and they gear their operations accordingly. So, you do not get the same variation in quantities of eggs moving into the wholesale to retail area, or the cartoned area, as you do in the loose area, the spot price area.

Mr. PUGH: I have a supplementary. Is there a possibility of a marketing board covering egg production and sales somewhat analogous to the British

Columbia tree fruits? In other words, if you produce fruit in British Columbia you sell through a central marketing agency; it is a system of pooling. I am wondering whether it is at all possible that such an organization could exist in regard to eggs. What would be the basic reasoning why they could not go about it that way?

Mr. DAVEY: While I am not referring in my answer specifically to the question of the pooling of prices, the question of the establishment of egg marketing boards is a very active one in producer groups and other groups at the present time. From the philosophical standpoint there is no basic reason in the nature of the trade or in the nature of the production that would say that an egg marketing board could not operate. I believe this was your question, as to whether any basic problem was envisioned in the operation of a marketing board because of the structure of the business.

Mr. PUGH: Well, just on the evidence which has been given as to the possibility of a wide variance of price, for instance, on the Montreal market on spot sales; the history of fruit in British Columbia was a fairly sorry one simply because the market could be broken so very easily by the odd import, but also by production in British Columbia destined to a certain area. This form of getting your goods to market allowed wholesalers to underbid or, to put it another way, cut prices and your fruit, as it was coming on the market from time to time, suffered very heavily in regard to the price the producers received at the end. The British Columbia tree fruit set up under the marketing act has worked remarkably efficiently in obtaining prices. In other words, your competitor is your world competitor, not your own local sales which might be made which undercut the market very quickly in certain spots depending on production.

I am glad to hear, first of all, that it is possible legally, and secondly, that it is under active consideration. This would seem to me to provide a stability with respect to production and quality which should be looked into. We have had a very good experience in British Columbia on this one point. The egg market itself is subject obviously to such a variance, and if you are not tied in with certain wholesalers on a fairly good production, you are likely to suffer and suffer very heavily.

Mr. DANFORTH: To further peruse this, if I may, my information has been that roughly 65 per cent of the eggs in Ontario went into the carton wholesale-retail, and 35 per cent was on the loose. I think Mr. Davey used different figures and I assume that you have this information. Are my figures in this particular area incorrect and out of proportion?

Mr. DAVEY: Well, nobody has the exact figures. We can make some fairly close assessments of the volume which is going through these various areas. I think I mentioned earlier when the question was asked that it was well over 50 per cent, or somewhere in that area. I believe I said two-thirds to three-quarters, which would not disagree too much with what you said.

Mr. DANFORTH: No, but I am to assume then from your answer that my figures could be correct in this?

Mr. DAVEY: Reasonably so.



Mr. DANFORTH: And am I correct in my figures that about 43 per cent of the Canadian egg trade is through the Ontario market? I am speaking of total.

Mr. DAVEY: Roughly, and you may even be a bit low.

Mr. DANFORTH: Well, it is not necessary to have the exact figure if this is a close approximation.

Mr. WILLIAMS: In 1965 Ontario produced 170 million dozen out of 432 million dozen.

Mr. DANFORTH: I am not only speaking, Mr. Williams, of the actual production. I am speaking of the movement of eggs through the Toronto market. I would assume it would be western eggs and perhaps maritime eggs which move through the Toronto market.

Mr. DAVEY: In 1965 there were 7.7 million cases of eggs that went through registered grading stations in Canada, and in that same year in Ontario there were 3.7 million cases.

Mr. DANFORTH: So my figures were close?

Mr. DAVEY: Yes.

Mr. DANFORTH: Is it safe to assume then that since the major portion of eggs are moving through Ontario markets the Ontario market would more or less establish a price for Canadian eggs?

Mr. DAVEY: In actual fact the Montreal market has a greater influence on it because of the size of the Montreal market versus the size of the Toronto market, and the fact that Toronto is more self-sufficient than Montreal, so that the price in Montreal tends to ebb and flow a little bit more. The Montreal market takes eggs all the way from Winnipeg, and a few years ago took eggs from Saskatchewan. It takes eggs from the maritime provinces; whereas the Toronto market is inclined to have their supplies in western Ontario, so their influence is not as broad.

Mr. DANFORTH: Yes. I want to get back to the question of the pricing in Toronto, and, Mr. Chairman, I assure you that I have a very definite object in pursuing this line of questioning. I think, Mr. Davey, you used the figure of 80 per cent, and I think when you used 80 per cent you were referring to the fact that these suppliers which the department obtains the price from in Toronto perhaps handled 80 per cent of the eggs. Now, is that 80 per cent of the carton eggs, or is it the total normal flow of eggs from Toronto?

Mr. DAVEY: Eighty per cent of the carton market in Toronto.

Mr. DANFORTH: Not 80 per cent of the total flow?

Mr. DAVEY: When you narrow this down to the Toronto area alone, let us not confuse the two-thirds to three-quarters we were talking about in the movement of loose versus cartoned eggs in all of Ontario, as against what movement might take place right in the city of Toronto where we were reporting the price. Your cartoned distribution in Toronto represents a very high percentage of the total sales for that particular market. Our source of price information covers roughly 80 per cent of that cartoned trade.

Mr. DANFORTH: Now to get back to this 65-35 basis for that, I want to ask the question: Since the 35 per cent would be through the loose price market, and since the loose market, or the old spot market price could be a difference of

as much as 15 per cent or 15 cents a dozen lower, is it not correct to assume that 35 per cent of the eggs in Ontario could be selling not only at a lower price, but at a lower price which varies to that degree? Is this a correct assumption?

Mr. DAVEY: It is a possibility at certain times. At certain times it could also be giving practically the same price as the wholesale to retail level, as we have also established.

Mr. DANFORTH: Yes, Mr. Davey, I appreciate your answer. May I get at this another way then. Is it correct to assume then—I am speaking now only of the loose market—that the average price that they might expect to obtain in a year's production would be lower than the average price obtained by a producer selling through a wholesale-retail cartoned outlet?

Mr. DAVEY: That is possible because his eggs are going into a different channel for one reason.

Mr. DANFORTH: Yes, but on the basis of the principles you have enunciated you could expect a lower average price for this type of production.

Mr. DAVEY: The second factor I want to add to that is there are less merchandising costs going on to his particular product. A large percentage of his eggs are going into what we call basically the processing channel; they are going into melange and the dried egg trade.

Mr. DANFORTH: I appreciate this. I want to establish more of this principle which I started along this line. Based on the premise which you have put forward, the wholesale-retail cartoned price acts as a stabilization factor on the tremendous fluctuation in the egg price. I can appreciate this and I can understand it, but may I ask, since this statement was made, when there are fluctuations in the loose egg market up and down on any particular day, it does not necessarily follow then that the wholesale-retail cartoned trade moves to that degree?

Mr. DAVEY: Certainly not; it is much more stable.

Mr. DANFORTH: In other words, the supply and demand on any certain day does not affect the cartoned price to the degree it affects the loose egg price?

Mr. DAVEY: That is right. As I pointed out earlier, your supply is much more constant in your wholesale-retail area which represents a high percentage of your eggs marketed, and affects a high percentage of the producers or volume of product going into that area, and as a result that greater stability enjoyed by a number of people. The way that your fluctuation is in these eggs which go into the processing, the surplus eggs, it is basically a surplus product which causes the gyrations in the spot price.

Mr. DANFORTH: Is it not a fact also, Mr. Davey, that the very basis on which some of these retail outlets obtain their eggs is a major factor in the stabilization in prices. In other words, they have more control or more of a monetary interest in the eggs they are distributing wholesale-retail? In order not to be misleading, I am speaking now of the fact that there seems to be a trend in Ontario towards the wholesale-retail distributor having a greater control over the eggs, either by contract pricing or by premium pricing. So is this more to his interest? The point I am trying to get at basically is this, t

supply and demand no longer is a major factor to the degree it was in establishing the price of eggs to the consumer.

Mr. DAVEY: Well, it still has its effect, but to go back to the statement I made a while ago, these people who are merchandising eggs at that level have a rough idea of how many eggs they are going to move each week; they set their business up accordingly. They have these flock owners throughout their area who are supplying them with their product, and they know how many eggs each one of these flock owners can provide each week. That is the businesslike way in which this operation has developed. It has got away from the stage where they did not know from one day to the next what their volume of eggs was going to be, to the point where they know exactly what their volume is going to be, what the quality is going to be and so on, and that is how they built this industry.

Mr. DANFORTH: I appreciate the mechanics of it, Mr. Davey, but I am at a loss as to how to phrase the question to bring out the very point I am after; perhaps the Committee will bear with me on this. Is it not a fact that some of these wholesale outlets have contracts on the farms; they own the very eggs on the farm itself in some instances; there are various types of contracts. But does the fact not remain that following these eggs right through to the retailer, the retailer buys these eggs in cartons and they have their special brand named eggs and everything, so that at any one time there could be a difference of three cents a dozen on the loose market, or this market? Since he deals in cartons, he is not interested in loose eggs. He is interested only in cartoned eggs, and he is interested more or less now because of the market trends in obtaining these eggs from a source, providing the price is comparable to other cartoned eggs.

Mr. DAVEY: Well, most of these retail merchandisers on occasion may have to buy some loose eggs to augment their other supplies. That does not happen very often. However, getting back to the point you have in mind, there is not the same tendency for integration to take place in the egg business as there is, for example, in the chicken broiler business or also in the turkey business. The relationship between the wholesaler and the producer on your egg marketing program is more on a contract basis than it is on a financial integrated basis. So you do not get the same extended integration in the egg marketing as you do in one of the other commodities.

The CHAIRMAN: Well, that, Mr. Davey, answers that particular area.

Mr. PETERS: I remember reading something in the paper here, and if I could borrow your paper for a moment I would like to put a question to Mr. Williams. There is an article in the paper here relating to the matter we discussed the other day on the milk business. There is a long article by David Scott here which raises a number of points, and I would like to ask Mr. Williams just what it means. It refers to a meeting which occurred between the Ontario minister of agriculture, Mr. Stewart, and the Quebec minister of agriculture, Clement Desautels, with the federal Minister, Mr. Greene. It relates to the tractor strike and this sort of thing in Ontario over milk price, and the fact that we have not been able to accomplish the \$4 price. What they are suggesting now to Mr. Desautels is that there be an increase in the subsidy on cheese for export, and to raise the domestic price from 43 to 46 cents per pound. They also asked that the



support price on butter be raised from 59 to 61 cents and spray powder from 19 to 21 cents and roller milk powder from 16½ to 20 cents. This will produce a basic price in the provinces of \$3.50, which will allow with the federal subsidy a price of \$4.25, of which 25 cents is to go towards actually subsidizing the transportation to provide the \$4 base on the farm.

Now this hinges also on the difficulty which is occurring between Ontario and Quebec with the 17½ cents summer price and 35 cents winter subsidy that causes a differential between Ontario and Quebec markets. What I am wondering is, how can it be done without changing the stabilization program. If you increase the base, which is really butter, from 59 to 61, and the ensuing butterfat prices which might be 97 cents a pound how could we do this federally and what result would it have?

Mr. WILLIAMS: Well, to be specific, under the Agricultural Stabilization Act the board is authorized for a period of twelve months to purchase butter at a base price of 59 cents for 40 score butter.

Mr. PETERS: Is that statutory?

Mr. WILLIAMS: This is statutory. The level is not statutory; the twelve months is statutory, yes.

Mr. PETERS: And the price fixed is statutory for twelve months then?

Mr. WILLIAMS: The price is not covered by the statute itself, but it is covered by an order in council. The statute says that once the support level is established for butter, for example, it must remain in effect for a twelve-month period.

Mr. PETERS: From when to when?

Mr. WILLIAMS: For this particular year it is from the 1st of April until the 31st of March next.

Mr. PETERS: So without changing the statute this is not possible?

Mr. WILLIAMS: Well, you are asking for a legal opinion which I am not in position to give. My understanding is that it is not possible under the Agricultural Stabilization Act.

Mr. PETERS: But obviously what is going to happen is that it is going to be under your control as Chairman of the Stabilization Board.

Mr. WILLIAMS: Did you say if it is going to happen?

Mr. PETERS: If it is going to happen it would be under you.

Mr. WILLIAMS: Presumably, yes.

Mr. PETERS: And it would likely be by order in council?

Mr. WILLIAMS: Well, as I say, you are asking now for a legal opinion which I cannot give. My understanding of our legal position is that it cannot be changed under the act. Now I think you all appreciate that parliament can do great many things. For example, the act could be repealed, if necessary, or the act could be amended in order to do this, or action could be taken under some other type of legislation. You will recall last year that the support level for milk was \$3.30, but there was a supplementary payment made through a parliamentary appropriation, not through the Agricultural Stabilization Act.

Mr. PETERS: This would have to be by an action of parliament, would it?

Mr. WILLIAMS: Well, I am afraid I will have to say once again that this could be a legal opinion which I would not be prepared to give.

Mr. PETERS: Well the difficulty I find is that I am of the opinion that this matter will have to be resolved, and I am reluctant to close off this debate without knowing what is going to happen. I would think it would look rather stupid if we sat here, discussed this in depth and then found this was not what was going to happen. It is having quite an effect in Ontario at the present time. I am particularly interested in what happens in the province of Quebec because there is a significant transfer of milk from my area across the border between Quebec and Ontario. We discussed butter which is a statutory item. Cheese is not a statutory item in the same sense that butter is?

Mr. WILLIAMS: Yes, cheese is a statutory item. Cheese and butter are the two statutory items under the act; two of the nine mandatory commodities.

Mr. PETERS: Is there a difference between the international market of cheese and the domestic production of cheese? For instance, for years Hector Hould operated an export marketing agency under the Ontario Cheese Producers, where they sold mainly to the British market. As I remember it, this price was governed to some extent by a payment made on domestic production of cheese to allow the producers themselves to pay a subsidy on exported cheese. I believe there was a joint program between the producers and the cheese factories to allow a supplementary internal payment on exported cheese.

Mr. WILLIAMS: Under the previous arrangement, where the Ontario Cheese Producers Marketing Board operated rather than the Ontario Milk Marketing Board that currently handles this export of Ontario cheese, the Ontario Cheese Marketing Board collected one cent a pound as a levy against all cheese made in Ontario. On that one cent, one-tenth of it was authorized under provincial legislation; nine-tenths of one cent was authorized under federal legislation under our Agricultural Products Marketing Act. The nine-tenths of one cent was used by the board for purposes which could not be authorized under provincial legislation. Included in those purchases was subsidization into export and price equalization.

In addition, depending on the year and the price relationship between the British market, the Canadian market and the national support price for cheese, the Agricultural Stabilization Board was authorized to pay an export assistance. As you are quite correct when you made the statement that they had two sources of funds to move Ontario cheese into export; one was whatever the federal export assistance was, and the other was a producer supported program.

Mr. PETERS: Well, by establishing the Ontario Milk Marketing Board—you keep changing the name so often I cannot keep it straight—did we eliminate the levy?

Mr. WILLIAMS: The levy on cheese at their request was withdrawn, at least the authority for the levy on cheese was withdrawn, but at the present time the Ontario Milk Marketing Board has authority to make a levy against all manufactured milk in Ontario.

Mr. PETERS: Is this earmarked for cheese export?

Mr. WILLIAMS: It is earmarked solely, as far as we are concerned—the use of it is a matter of board policy—for purposes for which they could not

collect a levy under their provincial legislation, which could include export assistance and it could include price equalization.

Mr. PETERS: Well you say then that in order to raise the cheese price three cents and the butter price two cents, this could not be done under provincial jurisdiction; it would have to be done under federal authority?

Mr. WILLIAMS: I would say that the possibility of provincial action increasing the price of butter would be very limited, irrespective of the province—I am talking about provincial action—unless all the major butter producing provinces came together on it and took simultaneous action of some sort.

Mr. PETERS: So it would be much simpler, obviously, for the two ministers of agriculture to ask the federal government to do it under federal jurisdiction, partly on the basis that some of the product at least goes for export?

The CHAIRMAN: Mr. Peters, I think there is one thing which the Minister said in the House that we must keep in mind, namely that the federal government could initiate this subsidy, but there would be nothing to stop one of the provinces from saying, "We are going to subsidize our producers" and throw the whole thing out of whack again.

Mr. PETERS: This is what is happening in the province of Quebec right now.

The CHAIRMAN: There is nothing to say that this would not happen again in another six months, which would throw it all out of kilter.

Mr. PETERS: This raises a good point. This obviously must be the function of the other agencies that we really have not paid much attention to, namely the establishment of a national dairy commission. Perhaps this is the role they should play. I am not really sure just what they have done. This may be the stabilizing effect on the—

The CHAIRMAN: I think this is probably true. I interrupted Mr. Williams when he was trying to speak. I think we should let him finish answering your first question.

Mr. WILLIAMS: You asked in your question in respect of both butter and cheese. I said in so far as butter is concerned, in my opinion provincial action could not increase the price of butter. The same answer is not true in respect of cheese. How much it could be raised by provincial action is a different question at the present time the federal government and the Agricultural Stabilization Board are not controlling the cheese market other than quite indirectly. By that I mean we do not have an active purchase program for cheese the way we have with butter. The cheese market at the present time is well above our support level.

Mr. PETERS: What is the support level?

Mr. WILLIAMS: The support level is 38½ cents and the cheese market at the present time is approximately 43 cents in the province of Ontario.

Mr. PETERS: It came down temporarily, to 41 cents a week or so ago did it not?

Mr. WILLIAMS: I am not aware of that, but it is entirely possible.

Mr. ÉTHIER: According to the board, it was sold at 42½ to 43 cents during part of the winter, and the minute the federal subsidy came out at 75 cents



hundred, the price of cheese went down to 41 cents. Now for the last month and a half it is up to 42½ cents and close to 43 cents.

Mr. WILLIAMS: It depends a little on what type of cheese you are talking about. It did go down, there is no argument about that; it went down the first of the year.

Mr. ÉTHIER: In early May?

Mr. WILLIAMS: That is right.

Mr. ÉTHIER: But it went up again, and I cannot see any reason right now for the cheese factories not paying more than \$3.25 at the price they are selling cheese, regardless of what policy we adopt. Federally, it can be boycotted by any way at all. What the provinces were asking of the Minister last week was that we give an extra 25 cents. Who is guaranteeing us here that the farmer will not object to 25 cents?

Mr. PETERS: This is what we are worried about, that if we are going to subsidize then obviously that subsidization must go back to the primary producer or we fail to implement a proper type of subsidization. The situation developed immediately after we put in the consumer subsidy of 13 cents on butter a year or so ago, where none of this went to the consumer initially. That changed over a period of time until it is debatable how much he got out of it eventually. In the beginning there was a great advantage taken of it by the manufacturing plants.

Mr. BEER: Mr. Chairman, on a question of order, the dairy policy has been clearly announced and established. What we are really dealing with here now is a matter of policy. None of this present discussion has anything to do with the present estimates of the Department. Actually, the matter which we are really discussing here is the conflict between the government of the province of Quebec and the government of the province of Ontario because one government is paying a subsidy and the other provincial government refuses to pay a subsidy.

It would probably simplify the whole thing if the federal government ventured into it and said, "Okay, we are going to increase our subsidization to the point where it will alleviate this situation". But, actually, what we are dealing with and what we are questioning now has to do with policy, and has nothing really to do with the estimates of the present Department. Is this correct?

The CHAIRMAN: I would think you are reasonably correct on this. This is the reason why I think the Committee should be submitting a report. We hope the act of the National Dairy Commission will be formed shortly, and we hope, and I think Mr. Peters will agree with this, that it will overcome some of these difficulties. It will be more national, and it will cover the whole nation probably for the marketing of dairy products. This is something long overdue. I think this is very obvious from all of the questions submitted. The problem does not only concern dairy products, but a great many other products which have to be marketed nationally under the control of the senior government. I think this is one of the things we should be considering in a report to the House.

Mr. PETERS: Mr. Chairman, I probably am not familiar enough with it to be very concise, but I think the difficulty with which we are faced is the imbalance

which has occurred in segments of the agricultural economy that have not been able to take advantage of the 75 cent subsidy we put on recently which was supposed to produce a \$4 base price for manufactured milk. This has not been accomplished.

Mr. Vincent also agreed to discontinue the separate milk subsidy of 17½ cents during the summer and 35 cents in the winter if the floor price came into effect. What he was actually saying was that if the federal government is going to find the means of establishing that \$4 price for the farmer, he will not rock the boat between Ontario and Quebec. If you left this on and we change it, we will just move the whole thing up, but we have not really got rid of the problem.

The reason I think the questioning is in order is that Mr. Williams, in his dual capacity, will be involved obviously in administering this if there is any change because it is going to have to be done, as I see it, under the Stabilization Board. His role as assistant deputy minister puts him in the position of being able to indicate the relationship the new dairy commission will have in nationalizing the problem, rather than leaving it in the—

Mr. ÉTHIER: Mr. Chairman, on the point of order which Mr. Beer brought up, I think we are out of line completely in discussing what is on the paper.

Mr. BEER: If there is any change, to use the words of the honourable gentleman, then in my opinion the very words that take it out of our realm of responsibility place it over in the policy area.

Mr. PETERS: There is no argument that this is policy, and it is hypothetical to some extent, except I think it will happen before we are back in the fall. I would like to know just how it can be implemented and what the results are going to be. Sometimes it would be better to discuss these things before they happen than necessarily after.

Mr. WATSON (*Châteauguay-Huntingdon-Laprairie*): Mr. Chairman, on that point, I do not quite see how we can clear up this realm of possibility which Mr. Beer is talking about. If something does happen between now and the fall, then we will be able to discuss it in this Committee because this Committee is empowered to discuss supplementary estimates, and supplementary estimates would be required if anything were done between now and the fall.

The CHAIRMAN: I would think that members would have an opportunity during the recess, when it does come, to discuss this directly with their marketing groups. I know that your marketing groups have practically all of this information; you could go to nearly any one of the secretary managers or any of the marketing boards which are organized and find out this information. I do not think there is a more informed group, especially in the dairy group as far as that goes, that has nearly every bit of this information at their fingertips. The report which was submitted and which you received in the mail the other day is one of the most comprehensive reports on the dairy industry. If we had time to read some of these things before we came back in the fall, we would be better informed. I am sure if the government does do anything, even if it is by order in council, that it certainly will not be to the disadvantage of the producers, realizing something is necessary to overcome this chaotic situation. We would certainly go along with whatever decision is made.

Mr. BEER: Mr. Chairman, may I ask a question? There has been some discussion informally in the Committee as to whether there is any advantage in passing vote No. 1. If we pass this vote, does this enable the steering committee of this Committee to prepare a report to present to the House? If we do not pass vote No. 1 now, to what extent do we embarrass the steering committee or the Chairman of the Committee?

The CHAIRMAN: The only thing I can say, if I am informed correctly, is that we could pass the items, excepting item No. 1, and submit them to the House without a report. However, if we pass item No. 1 we follow the instructions of the House to study estimates and submit our report at the same time. The initial estimates are finally sent to the House. If we recess this week, these estimates will have to be approved by the House and they will be discussed in the House when they come back in the fall, but they will not be able to discuss them in the House until we finally pass them. Several committees have submitted their estimates; the report says they have studied them, and then they submit a report along with them. This is the only thing I have in mind which would expedite it. We would be ready to discuss these in the fall, and then the Committee could further discuss agricultural problems confronting marketing. Practically everything else you would like to discuss is under the supplementary estimates which, I hope, would be referred to the Committee at that time.

Mr. BEER: So that members really do not lose any right at all if these estimates are passed at this time. Is this correct?

The CHAIRMAN: What I have in mind is that the meeting this afternoon will be held in camera. I have prepared a report for the steering committee, with several suggestions that members have submitted to me which they want the steering committee to consider. If they have any further suggestions then the whole Committee will meet in camera, and if any of them have any suggestions they should be made in this report. This will be done this afternoon or this evening, and then we will submit our report to the House tomorrow.

Mr. BEER: May I move, as a Committee, that we approve the estimates of the Department of Agriculture in order to enable the steering committee—

Mr. DANFORTH: Mr. Chairman, I want to raise a point of order before this motion is ever put. My point of order is this: I have been patient; I have allowed supplementary questions; I have been criticized for taking up the part of this Committee and, Mr. Chairman, if I had been allowed three more minutes I would have completed my question on age. If there had been no other questioners, Mr. Davey or Mr. Payne would not have been requested to return. I think it is not fair to these men to discuss procedure, which is a matter of the steering committee, at this particular time. As far as a motion is concerned, Mr. Chairman, a motion, while in order, cannot be put when we are not sitting with quorum.

Mr. BEER: Mr. Chairman, if the honourable member would like to see this included, let us wait for three more minutes and proceed with the questioning.

The CHAIRMAN: There is a quorum of members here, and I am sure the Committee will agree, if you can sum up your line of questioning—

Mr. DANFORTH: Mr. Chairman, this sums up my line of questioning as far as questions are concerned. However, I indicated two meetings ago that I had a whole



series of other subjects that I wished, when the opportunity presented itself, to ask at the Committee. As far as this tremendous haste to wind up the proceedings is concerned when the House is not going to be sitting and cannot take any action, I resent very much.

The CHAIRMAN: Then you do not want to submit your three minutes of questioning. You have had 35 minutes at this meeting, not all at once, but I timed each member as he spoke this morning, and you have had 35 minutes of the meeting. I am sure the Committee is quite willing to give you three more minutes if you want to submit your line of questioning.

Mr. DANFORTH: Mr. Chairman, all I wish is to end up at this meeting so that the questions I have are not carried over from meeting to meeting on the pricing of eggs. If I had another three minutes I could complete this whole questioning on the realm of eggs.

Then, Mr. Chairman, with your permission if I might continue. It is hard to base questions when there have been intervening questions, but I have no resentment in this regard. I would like to take this opportunity of personally thanking Mr. Davey and Mr. Payne for their patience in answering questions. Their answers have been very frank and very complete; I have no objection. However, may I ask Mr. Davey this question?

Since we are operating basically on a two price system in Ontario, and it is to be instituted in Quebec—and I do not think there is any objection to my using this phrase “two price” when we have a cartoned price and a loose egg price—are we not getting into the same realm of difficulties that we are in in the dairy business where we have fluid milk and manufactured milk? Are we not reducing the egg production industry to this pitfall when we have 65 per cent of the egg production in Ontario going into one particular market, and perhaps 35 per cent into another particular market, and the one price being of a superior price over the other? In other words, it almost looks as though there is going to be a class 1 and a class 2 producer of eggs under this pricing system.

Mr. WILLIAMS: I think I would have to say, Mr. Danforth, if you will permit me to answer that part of the question, that it would appear that the industry is getting into that, and it is not as a result of our reporting system. Our reporting system is endeavouring to recognize the fact that this has developed, and to bring increased stability to the industry. Whereas before the spot price brought rapidly fluctuating prices to the entire industry, at least the new method of reporting, in our opinion, has brought some greater degree of stability to quite a significant portion of the industry. However, I must say categorically that it does appear the industry itself is developing along the lines you have suggested, yes.

Mr. DANFORTH: Mr. Williams, I have certainly no quarrel with your résumé and your observations in this regard. I think they are well founded and I think they are correct.

Now, may I ask this further question? Since it is my considered opinion, after hearing the evidence which has been given to us, that the reason for a large number of poultry producers going out of business is because of the fluctuations in price—and I appreciate the fact that the very economics today would put a certain percentage of poultry producers out of business normally; there is an in and out in this regard—have there been any representations made

any projected activity on behalf of the government on a federal level which could conceivably correct this situation? Has the industry itself made representations in this regard?

Mr. WILLIAMS: I am not absolutely certain I understand the question. Was the question whether the industry itself had made representations to the government to reverse the trend or to halt the trend of movement among the industry from small to large?

Mr. DANFORTH: No. This is not the object of my question.

Mr. WILLIAMS: I am sorry then, I missed it.

Mr. DANFORTH: My question is based on the fact that the industry—and it could be up to 35 per cent—is in economic jeopardy because of the very actions of the market itself. Has the industry itself in any form brought forward suggestions, or a suggested manner in which corrections could be made to overcome this variance in pricing?

Mr. WILLIAMS: I do not believe the industry has made any direct or indirect representations to the department in respect of a price reporting system which would tend to eliminate this problem or reduce this problem or this trend.

I think I would have to say that the answer I gave to Mr. Pugh in response to his question is that the industry is trying to see whether they can develop a scheme within themselves which will do something towards price equalization across the various segments, and that is they are giving consideration to the validity and usefulness of the establishment of marketing boards for their industry.

Mr. DANFORTH: I certainly do not want to embarrass the witnesses by involving into the realm of policy, and I am trying to phrase my question so that this does not occur. However, may I ask, is it the opinion of either Mr. Williams or Mr. Davey that under the present system which is operating now in Ontario and in Quebec there will be more and more of the percentage of production falling into this category so that the problem will gradually be eliminated or alleviated, or is there any progress in this matter whatsoever?

Mr. PAYNE: I think what is going to develop in the poultry industry is that you are going to get two definite channels, even more definite than we have today, namely eggs for the table trade or carton trade, and eggs for the processing trade. Now, you are going to get specific flocks set up for the egg processing trade. There may be no relationship whatsoever, or little relationship between the prices paid in those two channels, depending on the demands of the particular channel. I think this is going to be the trend in the years to come. This will happen more as the trend further accentuates itself. I think the question was raised at a previous meeting, did price reporting have an effect on the numbers of flocks? If you go back as far as 1951 into your Dominion Bureau of Statistics census figures, you will find that you had roughly 389,000 flocks; in 1956 you had 336,000 flocks and in 1961 you had 223,000 flocks. This is as before we got into any changes in price reporting. It is estimated that by 1966 we will probably have 185,000 flocks, so we have cut our numbers of flocks in half over a period of 15 years. This trend has been going on for years, and it is likely you will get that further accentuated.

Mr. DANFORTH: May I have your figures? I think you gave 1961 and 1965 or 1966. Was there not a 50 per cent reduction in that period?

Mr. PAYNE: In 1951 there were 389,000 flocks—these are just round figures—in 1956 there were 336,000 flocks, and in 1961 there were 223,000. Our estimate in following that curve off is that by 1960, in this census which is now in progress, we will probably end up with about 185,000.

Mr. WILLIAMS: I am sure Committee members will be interested in a very brief statement I would like to make. The Agricultural Stabilization Board was very concerned about just these things. What motivates people? Why do they go in and out of business? Why do they expand? Why do they contract? At that time we had some 90,000 registered egg producers in Canada which, of course, did not compare very well with the figures quoted per flock. However, I think you will appreciate, as far as the census are concerned, that if a man had two hens he would be listed as being a hen owner. But we did have nearly 91,000 registered poultry producers at that time.

We sent them questionnaires and we asked quite a few questions which we thought would help us in reacting decisions in respect of our price support program. I think there were two things that came out of it which may be of interest right along this line; namely that only 12.5 per cent of the people responding—and obviously not all responded to it because of the 90,000, a great many people had gone out of it or changed business—said they had no other major farm enterprise.

Another question we asked was, what factors affect your management decisions in respect of your size of operation; whether you would contract it, expand it, or leave it the same for subsequent years. The survey showed that listed in the order that they listed them in, the factors were feed costs, current prices and last year's income.

The interesting part of it was that 42.5 per cent of the producers indicated that they had increased the size of their flock, and 34.2 per cent of them indicated that they had cut back the size of their flock. Those figures are not the same, but they are not that far different. So obviously producers were interpreting the guideposts, shall I say, quite differently in that very close to the same percentage of them made opposite decisions presumably based upon the same factors, which all led the board to the conclusion at least that the decision was pretty much a neither-nor one; things were pretty well in balance in so far as the poultry industry was concerned with regard to whether it was or was not a good thing for people to be in, and it depended more on the efficiency of the individual operator and his own personal preferences, obviously, than it did upon these various factors.

Mr. DANFORTH: I have one further comment to make, Mr. Chairman. Once again I want to express my personal thanks to Mr. Williams, Mr. Davey and Mr. Payne for their patience and frankness in their answers, and it does clarify many of the questions which the industry requested I ask on their behalf.

Mr. BEER: May I present my motion now, Mr. Chairman?

The CHAIRMAN: That item 1 be adopted?

Mr. BEER: Correct, and that the steering committee be enabled to prepare a report to present to the House as directed.



Mr. YANAKIS: I second the motion.

Mr. DANFORTH: Mr. Chairman, I would like to speak on this motion and ask for clarification. If this motion is put, may I ask when I will have the opportunity to present my further questions as a Committee member?

The CHAIRMAN: Well, this does not mean that the Agriculture Committee is being disbanded; the Agriculture Committee is reconvening in the fall. It also means that the agricultural estimates will be discussed in the House. You understand the rules of the House that agricultural estimates, along with all other estimates, cannot be discussed any longer than 30 days. However, there is nothing to stop agriculture from being discussed one, two or three days; it all depends on how much time other estimates take in the House.

Mr. DANFORTH: My understanding was that the idea of the committee was to expedite the progress of the House. If this is the case, I would much rather ask my questions in the committee when I have the opportunity of directing them to the various members of the Department of Agriculture under whose responsibility the particular policy lies. I would much prefer in this instance to direct my questions in this fashion than in the House where I have an opportunity only to ask my questions of the Minister himself. I still see no reason why there should be this tremendous haste to curtail the questions of the committee.

May I point out, Mr. Chairman, the very fact that there has been the announcement with regard to the sugar beet industry, it is one of the main topics I wish to discuss with Mr. Williams. Certainly the news we have received over the past few days could have quite a decided bearing on the sugar beet industry. For this reason I must dissociate myself from the motion, and perhaps it will be necessary for the Opposition to dissociate itself from the report when it is brought up in the House because of the fact that we are being curtailed and not allowed to ask these questions to which we are entitled.

The CHAIRMAN: As Chairman, I want to be as fair as possible to this committee. If any member of this Committee thinks I have been curtailing anybody in their line of questioning in the 32 meetings, I do not think this could be fair. We have a large Committee, the largest of the House and many of you know I have had a long association with farm organizations and, as you know, Mr. Danforth, an agriculturalist, an agronomist, a peasant farmer, whatever you want to call us, my interests are agricultural as much as anyone else. I am sure every member of the Committee has an interest in agriculture or they would not be on the Committee. I would think the people in agriculture are concerned in respect of the members progressing with their work. If we leave the estimates hanging in the air, nothing is summed up, nothing constructive is suggested. It is my idea, and I think the idea of many members of the Committee, that we should be suggesting something constructive in our report to the House, and we have an opportunity.

I may say that over the weekend I had several calls, as you probably did, about the sugar beet industry. I think this warrants clarification, probably by the government. I made several inquiries before I went home and I understand that the Caribbean countries are essentially not expecting the Canadian public to get cheaper sugar through this, and I think this was intimated by some press reports. However, the Caribbean people are most concerned that this 29 cents a

hundred be returned to Caribbean producers and for the benefit of Caribbean producers solely. These people are living a substandard way of life, and it is the intention of the top government people I have spoken to that it will not mean cheaper sugar for Canadian people, but a betterment of the way of life for the Caribbean people.

I think if you will check the records, you will find that you, of all people, Mr. Danforth, have little reason to complain about the amount of time you have had in this Committee.

Mr. PETERS: Mr. Chairman, I have one point. Could I ask the Clerk, if he has the supplementary estimates available, if item 1 is on those supplementaries? I would be prepared to support the motion if it were only on that basis; it would be a step to wind up some of them. However, without the assurance that item 1 was on a supplementary—

The CHAIRMAN: Item 1 is on.

Mr. DANFORTH: Mr. Chairman, have we the assurance that the supplementaries are going to be referred to this Committee.

The CHAIRMAN: Your Chairman hopes that he is persuasive enough to bring this about.

Mr. DANFORTH: But we have no guarantee, Mr. Chairman.

The CHAIRMAN: There are a lot of ifs, but in Parliament or any place we have no guarantee that we will be back here in November or October, as far as that goes.

Mr. PETERS: You are not suggesting we are going to have a repetition of last year?

The CHAIRMAN: No. We do not know what may happen to us during the recess as far as that goes. I would think that we can rest assured from the discussion which has taken place here, the concern of members, that we do discuss the supplementaries. This will certainly be brought to the attention of the Minister. I told the Committee I discussed it with him, and he certainly was not of the opinion that we would not be discussing supplementaries. One other committee has already had supplementaries submitted to it for discussion. I understand this will be the policy with several committees.

Mr. ÉTHIER: Mr. Chairman, could that not be made a condition, that the supplementary estimates would be—

The CHAIRMAN: No. You have to follow the instructions of the House. We could make a suggestion in the report.

Mr. ÉTHIER: You could not make it a condition?

The CHAIRMAN: No.

Mr. DANFORTH: Mr. Chairman, before the question is put, if I must speak on a point of order I intend to speak. You have spoken about my allocation of time in the committee. I certainly have absolutely no criticism at all as to the allocation of time you have given to me whenever I indicated a desire to speak; I have no argument there whatsoever.

My sole argument is on behalf of various segments of the agricultural industry whom I, as well as many other members, represent; that I have been

able and will be unable, if this course of action is followed, to ask questions which they have requested that I ask at this particular time.

Now I have no recourse but to express my objection to this motion being taken because I am as yet convinced that it serves no useful purpose as far as agriculture is concerned, in spite of the explanation you have given as to why it is so very necessary. I think the trade and agriculture itself are going to find it very difficult to appreciate why it was necessary to hasten in this regard, and I want to be on record as taking extreme objection to this course of action. This is the very first time in years that the estimates of the Department of Agriculture have ever been submitted to the Committee for perusal. This is the very first time I know of that any government has taken action to close the proceedings or the interrogation in a committee on agriculture before the members themselves—

The CHAIRMAN: May I interrupt. If the Committee decides to close, it is not the government, it is the committee made up of all parties. This is to the benefit of all committees as far as I am concerned, and also the Committee will not be meeting when the House is in recess. We could say the same thing about the House going on recess; that we should not even have a recess in Parliament. I am sure we can do much good in a recess in our constituencies studying the problems of agriculture.

We have simply put the officials through a questioning period which I think is new to all of us. It has been an experience for all of us and it should be an advantage for all of us. We should submit a report for the benefit of agriculture. I do not believe we should, as I said earlier, leave this hanging in mid-air. I think I have been very fair to you on your point of order at this time. I am going to ask the committee for the question.

Mr. STEFANSON: Just before you put the question, Mr. Chairman, you intend to submit a report, not just to approve the estimates?

The CHAIRMAN: No, that is right.

Mr. STEFANSON: I was on another committee that did the very same thing; they decided to close up all of a sudden and report the estimates.

The CHAIRMAN: No, I have no intention of doing that. I have about a ten page report already prepared.

Mr. STEFANSON: I felt the committee was doing wrong at that time; that if a committee served in that purpose you were destroying the committee system.

The CHAIRMAN: No. I think I clearly intimated that we want to submit a report with several, I hope, constructive suggestions for Parliament. All those in favour?

Motion agreed to.

The CHAIRMAN: We meet at 3.30 here to discuss this report. The Steering Committee is meeting at one o'clock, and we will expect any suggestions that any committee member has this afternoon when the Steering Committee report is submitted to them.

The committee adjourned.



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HOUSE OF COMMONS  
First Session—Twenty-seventh Parliament  
1966-67

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STANDING COMMITTEE  
ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 27

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FRIDAY, DECEMBER 9, 1966  
TUESDAY, JANUARY 31, 1967  
SUNDAY, FEBRUARY 5, 1967

Respecting  
The Annual and Supplementary Reports of the  
**CANADIAN WHEAT BOARD**  
for the Crop Years 1962-63, 1963-64, 1964-65

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**WITNESSES:**

*From the National Harbours Board:* Capt. B. D. L. Johnson; *From the Board of Grain Commissioners:* Mr. F. Hamilton; *From the Pacific Grain Transportation Committee:* Mr. Bill Riddell; *From the Alberta Wheat Pool:* Mr. H. K. Moen; *From North Pacific Shipping:* Mr. H. Craig; *From Louis Wolfe & Sons (Vancouver) Ltd.:* Mr. Albert White; *From Canadian Pacific Railways:* Mr. J. N. Fraine.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967

# STANDING COMMITTEE ON AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

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( <i>Richmond-Wolfe</i> ),	Mr. Godin,	Mr. Olson,
Mr. Beer,	Mr. Grills,	Mr. Peters,
Mr. Berger,	Mr. Gundlock, <sup>2</sup>	Mr. Pugh,
Mr. Cadieu ( <i>Meadow</i>	Mr. Honey,	Mr. Rapp,
<i>Lake</i> ), <sup>1</sup>	Mr. Hopkins,	Mr. Ricard,
Mr. Choquette,	Mr. Horner ( <i>Acadia</i> ),	Mr. Roxburgh,
Mr. Clermont,	Mr. Johnston,	Mr. Schreyer,
Mr. Comtois,	Mr. Jorgenson,	Mr. Stafford,
Mr. Côté ( <i>Nicolet-</i>	Mr. Lefebvre,	Mr. Stefanson,
<i>Yamaska</i> ), <sup>2</sup>	Mr. Madill, <sup>4</sup>	Mr. Tucker,
Mr. Crossman,	Mr. McKinley,	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Danforth,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Faulkner,	Mr. Muir ( <i>Lisgar</i> ),	<i>guay-Huntingdon-</i>
Mr. Forbes,	Mr. Neveu,	<i>Laprairie</i> ),
Mr. Gauthier,	Mr. Noble,	Mr. Yanakis—45.

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

<sup>1</sup> Replaced Mr. Éthier on Friday, January 27, 1967.

<sup>2</sup> Replaced Mr. Matte on Thursday, January 26, 1967.

<sup>3</sup> Replaced Mr. Herridge on Friday, February 3, 1967.

<sup>4</sup> Replaced Mr. MacDonald (*Prince*) on Friday, January 27, 1967.

## CORRIGENDA

*Proceedings No. 13—Tuesday, June 7, 1966.*

The name of Mr. Yanakis should be included in the membership.

*Proceedings No. 23—Tuesday, July 5, 1966.*

*Evidence—*

At page 859, line 25 "meat branches" should read "mink ranches".

At page 874, line 2 "Meat" should read "mink".

*Proceedings No. 22—Thursday, June 30, 1966.*

*Evidence—*

At page 841, line 2 "readers" should read "breeders".

At page 841, line 11 "taste" should read "case".



## ORDERS OF REFERENCE

TUESDAY, December 20, 1966.

*Ordered*—That the Standing Committee on Agriculture, Forestry and Rural Development be granted permission to adjourn from place to place within Canada and that the Clerk and necessary supporting staff accompany the said committee.

THURSDAY, January 26, 1967.

*Ordered*—That the name of Mr. Côté (*Nicolet-Yamaska*) be substituted for that of Mr. Matte on the Standing Committee on Agriculture, Forestry and Rural Development.

FRIDAY, January 27, 1967.

*Ordered*—That the names of Messrs. Cadieu (*Meadow Lake*) and Madill be substituted for those of Messrs. Éthier and MacDonald (*Prince*) on the Standing Committee on Agriculture, Forestry and Rural Development.

FRIDAY, February 3, 1967.

*Ordered*—That the name of Mr. Gundlock be substituted for that of Mr. Bridge on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House of Commons.*

## REPORT TO THE HOUSE

FRIDAY, December 9, 1966.

The Standing Committee on Agriculture, Forestry and Rural Development has the honour to present its

### FIFTH REPORT

Your Committee recommends that it be granted permission to adjourn from place to place within Canada and that the Clerk and necessary supporting staff accompany the said Committee.

Respectfully submitted,

EUGENE WHELAN,  
*Chairman.*

(Concurred in December 20, 1966)

## MINUTES OF PROCEEDINGS

FRIDAY, December 9, 1966.

(35)

The Standing Committee on Agriculture, Forestry and Rural Development met *in camera* at 9.45 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Clermont, Crossman, Danforth, Gauthier, Gen-  
er, Godin, Herridge, Honey, Hopkins, Horner (*Acadia*), Forbes, Lefebvre,  
Donald (*Prince*), Moore (*Wetaskiwin*), Peters, Ricard, Whelan (17).

The Chairman informed the Committee that the Subcommittee on Agenda and Procedure had met on Wednesday, December 7, 1966 and wished to make the following report;

Your subcommittee has the honour to submit the following as its

### SIXTH REPORT

Your subcommittee met on Wednesday, December 7, 1966 and wishes to make the following recommendations:

1. That the Committee travel to Western Canada to hold further hearings on the Canadian Wheat Board;
2. That the Chairman report to the House requesting permission to adjourn from place to place within Canada;
3. That the Clerk and necessary supporting staff accompany the Committee and that reasonable living and travelling expenses be authorized;
4. That the Chairman, along with the subcommittee on Agenda and Procedure plan an itinerary and make necessary arrangements and report from time to time to the Committee.

Discussion arose on the report and several members suggested that the Committee consider including Vancouver on the itinerary.

Later, on motion of Mr. MacDonald (*Prince*), seconded by Mr. Hopkins, it

*Agreed*—That the Sixth Report of the Subcommittee on Agenda and Procedure be adopted.

At the request of Mr. Danforth the Chairman pointed out that the Committee could not go to Grosse Île quarantine station for several reasons. However, the Chairman said that the Committee might have such an opportunity to visit Grosse Île in the Spring prior to the dispersal of the cattle.

At 10.00 o'clock a.m., the Chairman adjourned the Committee to the call of the Chair.



TUESDAY, January 31, 1967.  
(36)

The Standing Committee on Agriculture, Forestry and Rural Development met *in camera* this day at 7.45 o'clock p.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Berger, Co. (*Nicolet-Yamaska*), Clermont, Comtois, Crossman, Danforth, Forbes, Gauthier, Gendron, Godin, Grills, Hopkins, Johnston, Jorgenson, Laverdière, Lefebvre, McKinley, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Nowlan, Olscott, Peters, Pugh, Rapp, Ricard, Stefanson, Schreyer, Stafford, Tucker, Watson (*Assiniboia*), Whelan, Yanakis (35).

The Chairman reported that as ordered by the Committee on Friday, December 9, 1966 the Subcommittee on Agenda and Procedure had drawn up an itinerary for its proposed Western tour for the Committee's consideration. It outlined it as follows:

Saturday, February 4, 1967.	p.m.—Depart Ottawa for Vancouver
Sunday, February 5, 1967.	p.m.—Meeting of Committee
Monday, February 6, 1967.	Tour of Grain handling facilities and Vancouver harbour. Depart for Calgary.
Tuesday, February 7, 1967.	Visit feed lot and feed mill in Calgary area. Meeting of Committee. Depart for Regina
Wednesday, February 8, 1967.	Visit country elevator, farm service centre, livestock yard and government terminal elevator in Moose Jaw. Meeting of Committee.
Thursday, February 9, 1967.	Depart for Winnipeg. Tour Board of Grain Commissioners facilities. Meeting of Committee.
Friday, February 10, 1967.	Tour Canadian Wheat Board facilities and Winnipeg Grain Exchange. Meetings of Committee.
Saturday, February 11, 1967.	Depart for Lakehead. Tour of grain handling facilities. Informal meeting of Committee.

The Chairman then went on to name the witnesses who it was planned would appear before the Committee.

The Chairman then asked the Clerk of the Committee to introduce the supporting staff who were accompanying the Committee.

Later, after discussion it was

*Agreed*—That the research paper on the grain trade prepared by the Research Branch of the Library of Parliament be printed as an appendix (see appendix I).

There being no further business, the Chairman adjourned the Committee to the call of the Chair.

SUNDAY, February 5, 1967.  
(37)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 7:41 o'clock p.m. in the Ball-room of the Georgia Hotel, Vancouver, British Columbia. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Cadieu (*Meadow Lake*), Clermont, Comtois, Côté (*Vicolet-Yamaska*), Crossman, Danforth, Forbes, Gauthier, Gendron, Godin, Grills, Gundlock, Hopkins, Johnston, Jorgenson, Laverdière, Lefebvre, Madill, McKinley, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Olson, Peters, Singh, Rapp, Ricard, Schreyer, Stafford, Stefanson, Tucker, Watson (*Assiniboia*), Whelan, Yanakis (35).

*In attendance:* From the National Harbours Board: Captain B. D. L. Johnson, Port Manager, Vancouver, and Mr. W. E. Pickering;

From the Board of Grain Commissioners: Mr. F. Hamilton, Chief Commissioner, and Mr. W. J. MacLeod, Secretary to the Board;

From the Pacific Grain Transportation Committee, Department of Transport: Mr. Bill Riddell;

From the Alberta Wheat Pool: Mr. H. K. Moen;

From North Pacific Shipping: Mr. Harry Craig;

From Louis Wolfe & Sons (*Vancouver*) Ltd.: Mr. Albert White;

From the Canadian Pacific Railway: Mr. J. N. Fraine.

The Chairman reminded those present that the Committee was in regular session and that the same rules and procedures applied at this meeting in Vancouver as they do in Ottawa.

The Chairman then called the Annual and Supplementary Reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64, 1964-65 which were referred to the Committee by order of the House of Commons made on Thursday, June 2, 1966.

After making an opening statement, the Chairman called on Captain B. D. L. Johnson to introduce the officials present as witnesses.

Later it was *agreed* that the Committee would proceed by hearing the statements of the witnesses and when all were finished, to question them.

The Chairman then called Mr. F. Hamilton who spoke to the Committee on the organization and functions of the Board of Grain Commissioners. On completion of his presentation, it was

*Agreed*—That the submission prepared by the Board of Grain Commissioners entitled *Organization and Functions* be made an appendix to the Minutes of Proceedings and Evidence. (See Appendix II)

*Agreed*—That the Chart prepared by the Board of Grain Commissioners showing *Average Costs of moving Wheat, Canada to the United Kingdom Seasons of Navigation 1933 to 1965* be made an appendix to the Minutes of Proceedings and Evidence. (See Appendix III)

Captain Johnson was called and he spoke on the Vancouver Harbour and Grain Facilities.

Mr. Bill Riddell was called and spoke on the work of the Pacific Grain Transportation Committee.

Mr. H. K. Moen was called and spoke on Terminal Elevator Operations.

Mr. Harry Craig was called and spoke on the Role of the Ship's Agent in Grain Shipping.

Mr. Albert White was called and spoke on the Role of the Stevedoring Company.

Mr. J. N. Fraine was called and spoke on the Role of the Railway Company.

*Agreed*—That there be a thirty minutes adjournment so that the Committee can watch a film entitled *Grain Handling in Canada*.

Mr. Hamilton pointed out to the Committee that the film was some years out of date and had been prepared for the Board of Grain Commissioners.

The Committee adjourned for thirty minutes.

On resuming the Chairman, Mr. Whelan, called the Committee to order and the members proceeded to question the witnesses.

Later the Chairman thanked the witnesses for their help and co-operation and thanked especially Captain Johnson and Mr. Pickering for their help in facilitating the Committee's trip to Vancouver.

At 11:15 o'clock p.m., there being no further questions of the witnesses, the Chairman adjourned the meeting to the call of the Chair.

Michael B. Kirby,  
Clerk of the Committee.



## EVIDENCE

(Recorded by Electronic Apparatus)

SUNDAY, February 5, 1967.

The CHAIRMAN: Gentlemen, I will call the meeting to order. Some people were under the impression that this would not be a formal meeting. However, it is a formal meeting, and I would ask all members and those who will be making presentations to make sure that they speak into the microphones.

First of all, I would like to say that the ordinary rules of procedure followed at committee meetings in Ottawa will be followed here. We are here under an order of the House of Commons made on Thursday, June 2, 1966: that the annual and supplementary reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64 and 1964-65 be referred to this committee for consideration and study, and to report back to the House.

I am sure that I speak for all committee members, although I would not try to speak on their behalf at all times, when I say that we are happy to be here in British Columbia and in the city of Vancouver tonight. I know that the committee will benefit greatly by its presence here.

May I say that this is one of the largest committees of the House of Commons, with representation from coast to coast. We are endeavouring to learn as much as possible about the operations of the wheat board. We feel, at the present time, that wheat is probably the nation's most important product, and when we report back to the House we want to be as well-informed as possible.

As I stated earlier, this is a fact-finding trip, not a junket, and if you check the itinerary you will realize that perhaps members will have to have a week off, on their return to Ottawa, to rest up.

I will now turn the meeting over to Captain Johnson of the National Harbours Board, who will introduce those who are making presentations tonight.

Captain B. D. L. JOHNSON (*National Harbours Board*): Thank you, Mr. Chairman. First of all, I would like to thank you gentlemen for coming to the city and the Port of Vancouver. It is seldom that we have a chance to welcome such a distinguished group of people. Just to show you how pleased we are to have you here, we have put on one of our usual nice days for you. This is one of our better days. We probably will get back to normal tomorrow and put on a real Vancouver day for you; if you are going to be out, it is sure to rain.

We hope that the agenda that we have prepared for tonight will give you a picture of the movement of grain from the time it leaves the railway car until it leaves the port of Vancouver in a ship. We have people here who will trace the ship into the dock; we have people here to tell you how the ship is prepared and how she is loaded; we have people here to tell you how the terminals are run,

and we have the railway people here just in case you want to find out how it got there.

I think you probably all know Mr. Hamilton of the Board of Grain Commissioners. I am the port manager here for the National Harbours Board. Bill Riddell is here; he is a pretty terrific person in when it comes to the grain movement through this port. He has come out of retirement twice, when we have experienced minor difficulties getting our grain to move freely through the port. On each occasion he has done a wonderful job; he got rid of our jams very, very quickly indeed, as he has just done with our last one. Next we have Mr. Moen, who is the tall, distinguished grey-haired gentleman at the far end of the table. Mr. Moen, of the Alberta Wheat Pool, runs the largest single grain terminal in the port of Vancouver and some of you will be his guests tomorrow when you visit his elevator. He will tell you all about grain terminals. Harry Craig, the handsome gentlemen on my port side here, knows more about shipping grain out of the port of Vancouver than anybody else here, and he will explain the movement to you. He might have a slight Chinese accent but that is because he has been dealing with them for so long. Alberta White, besides being a yachtsman, is one of Louis Wolfe's superintendents in the port and like Harry Craig, knows all about shipping, as well as knowing all about putting the grain in the ship. Last but not least, is Jack Fraine, who represents the railways. If there are any questions you have to ask about railways, he is the man who can give you an answer.

The CHAIRMAN: I want to thank Captain Johnson for introducing these people to us. Some of the older members of the committee will recognize most of these people by sight and knowing their past history, will know how qualified they are.

We will ask Mr. Hamilton, the Chairman of the Board of Grain Commissioners, to start off the proceedings tonight.

Mr. DANFORTH: Mr. Chairman, on a point of order, are we going to be allowed to question after each speaker finishes with a specific part of the movement, or would you prefer that we wait until the entire program is finished?

The CHAIRMAN: We propose to hear the entire program and then have general question period, at which time any of these gentlemen may be questioned. In this way the meeting will be kept moving as fast as possible. Would members jot down any questions that come to their minds as these gentlemen are making their presentations.

Mr. F. HAMILTON (*Chief Commissioner, Board of Grain Commissioners*): Mr. Chairman, members of the committee, I bring you greetings from the Board of Grain Commissioners. I want you to know how pleased we are that this committee has made the trip west to take a first-hand look at this part of our country's grain industry. I know your visit to western Canada will be enjoyable and worthwhile.

I would like to introduce some of my associates: Mr. W. J. MacLeod, Secretary of the Board; Mr. Martens, Assistant Secretary; Mr. A. H. Wilson

General Manager of Canadian government elevators; and Mr. Jack McLean, inspector in charge, West Coast.

This evening I wanted to start off with a brief summary of our work. Then we proposed to show you a 20-minute film entitled "Grain Handling in Canada". Unfortunately, there has been a problem with the projector. The film will be available later on and we will be pleased to run it for you, if you care to see it.

The Canada Grain Act of 1912 created the Board of Grain Commissioners to administer the act. The Board consists of three members: myself, Mr. Svoboda and Mr. Shuttleworth, whom you will meet in Winnipeg later. Our board staff totals just over 1,000, and they are spread from Halifax and Saint John in the Maritimes to Vancouver and Prince Rupert on the west coast. We have some 200 resident on the west coast.

The Board of Grain Commissioners, with their chief officers and their staffs, have, in a broad sense, supervision of the farmers' grain from the time it arrives at the country elevator until it finally reaches the world's markets. Within this field there is embraced the elevators themselves, the elevator agent, weighing, inspection, grading and transportation of the grain, binning of the grain at the initial point and at the terminals, the weighing and grading out of cargoes from the terminals and the preservation of the grade until, accompanied by Canadian certificate final, the cargo is stowed aboard the ocean vessel. Beyond this, we are responsible to answer all overseas complaints regarding out-turn weights and quality on Canadian grain.

I can say, without fear of contradiction, that Canada has the finest grain inspection service in the world. We are the only country that sells all our grain in the strength of a piece of paper. The overseas buyer may never see a sample of the grain he buys, and Canadian grain is not subject to arbitration. The Board of Grain Commissioners has the responsibility, in a general way, of seeing that the producer gets fair treatment at the hands of the country elevator agent; that he gets proper grades and accurate weights, no matter where his grain is sold or delivered in the licensed system. For example, at the west coast, every bushel of grain that is received or shipped from these terminals is weighed and inspected by a member of the Board of Grain Commissioners' staff. While at all times it is essential that the Board act impartially and fairly as between all interests, it keeps the interest and welfare of the producer uppermost to ensure that he is fully protected in his rights under the Canada Grain Act.

The fundamental principle of the act is to ensure that in the movement and sale of Canadian grain, the interest of the producer is protected and that a uniform high quality product moves into both domestic and export markets. In administering the act on the basis of the above principle, Canada, as a result of a combination of a climate, that is adapted to the growing of high quality wheat, and well-conceived legislation for the handling of grain, has been able to achieve a reputation in the world markets that is the envy of our major competitors. With foundations such as these, and keeping in mind the fact that this is now a billion dollar business, we can, if we are mindful of the needs of the industry, look forward with confidence to ever increased production and expanded markets.



Thank you very much, Mr. Chairman, that is all I have to say just now.

The CHAIRMAN: You heard what Mr. Hamilton said about the film. If the projector is available later in the evening, after the other speakers have completed their presentations, I think we should see this film.

I will now ask Captain Johnson, of the National Harbours Board, to make his presentation to the committee.

Mr. JOHNSON: Gentlemen, we are going to project a portion of a map of the port of Vancouver on this screen to assist you to orient the little map you have in front of you. If you look almost in the centre—as a matter of fact it is the fourth fold over—you will note where we have marked the Second Narrows. I can orient this projection by that Second Narrows bridge. At the present time we are down here, not indicated on this map. There will be buses outside the hotel tomorrow to take you over to the North Shore via the Lions Gate bridge. Your itinerary shows 8.30 a.m. because among other things, we would like to show you the longest parking lot in Canada, which is at the Lions Gate bridge. About that time in the morning there will be 7,000 or 8,000 cars snarled on their way to the heart of Vancouver, and that is why we call it the longest parking lot in Canada.

After you emerge from there and sometime before lunch you will be over here. The purpose of this tour is to take you right around and show you the main grain facilities in the port of Vancouver. The first one is at Burrard Terminals, which has about 1.6 million bushel capacity. Next you will see is the new Sask Pool, which is in the process of being built right now, it looks very impressive in its present state and you will see it as you drive by. Then you will go across our relatively new Second Narrows bridge to the Alberta Wheat Pool, where you will be hosted by Mr. Moen. This is the biggest terminal and one of which we are justly proud because it ships out a lot of grain. I will not talk very much about the next stop because, when you see it, you will know the reason. It was put there by Chief Capilano. He was the Indian who was here when Captain Vancouver came.

As you move on from there, you will come to a complex. You will actually see two grain elevators. The Alberta Pacific people operate these. They have their own grain elevator, and they lease the National Harbours Board no. 1 grain elevator and our annex. This is a really sizeable complex. Some of you will be left off here; others will be left off at another location, and then we will go on to the United Grain Growers elevator, which is a recent purchase from the National Harbours Board. Don MacRae will act as your host there. Dick Richardson also will act as a host. There will be three separate parties. Later, a bus will pick you up and take you to lunch.

The final one, located at this point on your map, is our National Harbours Board elevator. It is strictly a wheat elevator, is presently operated by the Sask Pool, and it is one elevator which puts out one hell of a lot of grain. I think it puts more wheat out than any other export elevator in the world.

Gentlemen, that is all I want to say about your tour tomorrow except, unfortunately, we are unable to act directly as your hosts. The National Harbours Board will be your host for lunch. Mr. William Benson will take over from me because I am going back to Ottawa, just to see if it as cold back there as they say it is.

The CHAIRMAN: Thank you, Captain Johnson. I should inform you, Captain, that the committee is taking credit for bringing the sunshine to Vancouver.

Mr. Riddell will make his presentation at this time.

Mr. William RIDDELL (*Pacific Grain Transportation Committee, Department of Transport*): Mr. Chairman, and gentlemen. I have had the honour of appearing before you on several occasions in the past number of years in my former capacity of assistant chief commissioner of the Canadian Wheat Board. I am pleased to be here this evening in my temporary capacity as Chairman of the Pacific Grain Transportation Committee, and I hope that I can be of some assistance to you in furnishing information regarding the transportation and handling of grain through Pacific coast ports.

The main port through which the bulk of Pacific coast grain shipments is handled is, of course, the port of Vancouver. This port has a total of seven elevators, with a rated storage capacity of approximately 22 million bushels, and this will be augmented by five million bushels when the Saskatchewan Wheat Pool elevator, now under construction, is completed next year. In addition, the ports of New Westminster, Victoria and Prince Rupert each have one elevator, the three of which have a combined rated storage capacity of three million bushels. The effective working capacity of the elevators is about 25 per cent less than the rated capacity. The present elevators have thirteen berths at which ocean-going vessels can be placed for the loading of grain. The elevators in the port of Vancouver are served by the Canadian Pacific Railway and/or the Canadian National Railway. The latter railway has no trackage of its own in the city of Vancouver, but uses the trackage of the Great Northern and Canadian Pacific Railway for switching cars of grain from Canadian National lines to the elevators located in the Vancouver harbour area. The elevators at New Westminster and Prince Rupert are served also by the Canadian National, while this company also transports from Port Mann, by barges, all cars of grain to be unloaded at the elevator in Victoria.

One of the exceptional features to be noted concerning the elevators at Pacific coast ports is that they are called upon to perform the combined functions of the Lakehead, the St. Lawrence River and east coast port elevators. Practically all grain received here comes direct from Prairie country elevators by rail; it requires cleaning and sometimes drying, before shipment, and is then loaded directly into ocean-going vessels for export. The only exception to this is grain which has been unloaded and cleaned in transit at interior government elevators operated by the Board of Grain Commissioners at Calgary, Edmonton, Lethbridge, Saskatoon and/or Moose Jaw. With the exception of the latter grain, all grain received into the elevators at Pacific coast ports is graded inwards on the basis of the primary inspection standards, but is graded outwards on the basis of the export standards. On some occasions, difficulty does arise in shipping out the grain at the same grade as it was received into the elevators, by reason of the differences in the two standards. Occasionally, losses and embarrassment have resulted through no fault of the elevator operators concerned.

Some criticism has been expressed regarding the handling and movement of grain at and through Pacific coast ports, particularly when stoppages have

occurred. From my knowledge and experience here, Mr. Chairman, I am pleased to say that, bearing in mind the elevators are operated on a year-round basis, which is not the case at the Lakehead, lower lakes, St. Lawrence and east coast ports, they are maintained in a high state of efficiency, well managed, staffed by experienced, competent and co-operative labour and perform a high degree of service in the economy of Canada. I should also add to this that, in my opinion, the performance of the railway companies has been most exceptional, in spite of the many difficulties with which they have had to contend at various times of the year in bringing such huge quantities of grain over the mountain ranges separating the prairies from the Pacific coast.

Some indication of the movement and handling may be of interest to you. For example, in the crop year 1965-66, a total of 127,000 cars, loaded with wheat and other grains, were shipped to and unloaded at Pacific coast elevators. In the same period, grain received, cleaned, treated as required and loaded into ocean vessels for export shipment, totalled 236 million bushels, which was a record performance. Another example, and record, is that in the month of March 1966, 15,500 cars were received and unloaded, and a total of almost 30 million bushels was loaded to vessels and shipped for export during that month.

Some suggestion has been made that the grain could be shipped in greater volume through the use of bulk-loading facilities at the Pacific coast. Under present conditions this system, in my opinion, would not be workable because it must be kept in mind that grain arrives here on a primary inspection basis, requiring cleaning and treating before becoming available for export. The use of bulk-loading facilities would necessitate the cleaning and treatment of the grain at some interior point and its movement forward, in trainload quantities, of suitable grades ready for loading to vessels. This would prove uneconomical since it would add greatly to the cost of the movement. As an example, it presently costs over 6 cents per bushel to stop off and clean, at interior elevators, grain destined for shipment from Pacific coast ports.

Mr. Chairman, I trust that the foregoing remarks may be of some interest to you and your committee, and I shall be very pleased to answer any questions which you may wish to direct to me.

THE CHAIRMAN: Thank you, Mr. Riddell. We will now hear from Mr. Moen of the Alberta Wheat Pool.

MR. H. K. MOEN (*Alberta Wheat Pool*): Thank you, Mr. Chairman. Gentlemen, it is a pleasure to be given the opportunity to speak to your group on behalf of the terminal elevator operators. I will purposely try to keep away from details and dwell only on general conditions. You should now have in your possession of a folder which gives an account of the details at the Alberta Wheat Pool terminal. I would like to warn you at this particular time that the drawing that is projected on the back only generalizes and is not an actual photo or illustration of the actual plant. As an example, the picture shows only one dumper where there are three. It also shows two cleaners when there are actually 57; one receiving leg when there are three; and one shipping leg when there are four. It does give the movement of the grain from the first receiving point at the track sheds and the general flow to the receiving scales, through the cleaners, and onto the shipping conveyors out to the boats.



What is the actual purpose of grain elevator terminals here at the west coast? Their function is to receive, store and ship bulk grain. At the west coast, terminals are all equipped with the best terminal cleaning machinery. The grain to be handled requires cleaning, sometimes drying, separation of different kinds of grain, rethreshing of whole heads, removing of weed seeds, stones or other foreign material. Our terminals here differ from the type that are operating at the various ports on the St. Lawrence River because they are referred to as transfer houses. The grain they handle does not require cleaning, drying, separation, de-stoning and so forth. The terminals at the Lakehead are equipped much the same as we are for cleaning and processing the grain. We differ from the Lakehead in our shipping facilities. The Lakehead loadings are mostly to vessels known as lakers, which are much like the bulk loaders we receive here, except they are loading where a tide rises and lowers to a considerable extent. The lake is very pretty well all the time. A few ocean-going vessels that are loaded at the Lakehead create a great hindrance to their rate of loading. The vessels we receive can be classified, broadly, in three types, namely, bulk loaders, conventional carriers and tankers. You will hear more details about this from our manager, Harry Craig, of the shipping agents and Albert White of the stevedoring companies.

I want only to draw your attention to the great difference in shipping time required of our terminals for the loading of ocean-going vessels. I will have to compare this on the wheat that goes through an Alberta Wheat Pool terminal, and I will use an eight-hour shift. We can nicely load 10,000 to 12,000 tons to a bulk loader or self-trimmer which in bushels is 370,000 to 450,000, or 5,000 to 7,000 tons to a conventional vessel, which is about 185,000 to 260,000 bushels; or to a tanker, which has numerous holds to fill, requiring a lot of trimming, wherein we can load as low as 200 tons in an eight-hour shift to 2,000 tons, as a pretty good example on these tankers, 7,500 bushels to 75,000 bushels. The common guide of capacity used at our terminal is that we can load out, in eight hours, two bulk loaders and self-trimmers what we can unload from boxcars in 12 hours and from tankers in 20 hours. The average unloads from the Alberta Wheat Pool in eight hours are 120 cars or about 250,000 bushels. During two cleaning shifts of eight hours, each, we process and clean about 200,000 bushels. Oil seeds are slower to unload, but we have 18 extra cleaners to handle these over and above the cleaning capacity I have given you.

Seasons that have a lot of tough and damp grain slow the rate at which grain can be processed. Cars of grain containing mixtures of different kinds of grain, require extra runs over different kinds of cleaners to get it clean to export standards. Grain arrives at the seaport terminals in railway cars. The most common are boxcars, but lately there have been a few gondola cars and hopper cars. The operation commences with the railroad leaving the cars in the unloading area. There are numerous tracks, track sheds, car hauls, a trackmobile at the terminal—which is a machine that works on the rails and moves the cars, car dumpers or power shovels and receiving pits. The car dumper locks the car in place on a track platform and is rocked back and forth until all grain is spilled out through the doors. The grain flows through a floor grating into a large pit

below each dumper. It takes about six minutes to dump a boxcar. These pits each hold a full carload of grain. Where dumpers are not employed, a power shovel is used. This is merely a board drawn through the grain by cables, powered from a winch, pushing the grain out of the doors. After cars are unloaded, they are pushed out and the next one pulled in, and this is mainly done by winch and cable. A conveyor belt runs lengthways under each pit and carries the grain away in a flow, regulated by a gate along the bottom of the pit. The grain drops off the pit belts onto conveyor belts and is carried into the terminal building to be conveyed into the receiving elevator leg. As the grain approaches this leg, a machine, known as an automatic sampler, continually dips up a small portion so that a good average sample of each incoming shipment can be retained until the grade has been established. The three receiving legs and four shipping legs each have an elevating capacity of approximately 15,000 bushels per hour, but this will vary between terminals.

The grain drops from the top of the receiving leg, through a garner, and into a smaller structure mounted on a scale. When the scale hopper is full, the gate at the bottom of the garner is closed while a government weighmaster weighs the grain in the scale. He then instructs this to be released by means of a gate in the bottom of the scale hopper, and draws the remaining grain from the garner, weighs it and issues a weight certificate to cover each carload. The garner and scale hopper combined will hold the largest carload of grain. The size of garner and scales varies from terminal to terminal.

I would like to point out to you at this time, reiterating what Mr. Ridde said to you, that all weighing, sampling and grading are done under the close supervision of the Board of Grain Commissioners. The taking of samples and the grading is done by the Board of Grain Commissioners' grading department. The grade and percentage of dockage are placed upon the carload of grain as it is received into the elevator. The government graders and government weighmasters also handle all the weighing and grading on outward shipments going to the boats. After leaving the weighing scale, on receiving grain from the boxcars, the grain drops by gravity down spouts in the bins, over the dryers or cleaners, onto conveyor belts that carry it horizontally to cleaner bins further from the incoming leg. If the grain received is tough or damp it is directed to the dryer. We are equipped with two dryers which have a normal combined capacity of 2,000 bushels per hour. All the terminals here have drying facilities of some type. After the grain is dried it is then directed to the cleaners, where the grain is separated from the various types of foreign material referred to as screening. If grain is dry at the time of receiving, it is directed straight to the cleaners because it is not necessary to take the route through the dryers.

Our own grader, looking at a dip sample off the belt, which is unofficially, advises the man on the scale floor, who directs the cleaner operation. The man directs the flow of each car of grain to the various types of cleaners that are required to remove the foreign material or other grain found in this carload based on the findings of his sample. The areas of this movement from scale to cleaner bins or storage bins is best seen in a diagram, or the actual inspection which you will be able to see in tomorrow's visit to the terminals.

The majority of incoming grain goes directly to the cleaners on arrival. It normally takes about 16 hours to clean the amount unloaded in an eight-hour period. After leaving the cleaners, the grain passes into another elevating leg. It is taken to the top of the building and dropped into a clean grain garner. It is spread from there, by gravity, onto horizontal conveyor belts which run across the top of the storage bins. A machine, known as a tripper, is set to divert it from the belts to the appropriate bins. When a ship is berthed and ready for loading, the top grade of clean grain is drawn from the storage bins onto conveyor belts that carry it to a shipping leg. Here it is elevated into a garner by the shipping leg and weighed by the government weighmaster. It is then dropped into a select shipping tank, which is sealed by padlock by the weighmaster, so that no grain may be added or taken from that which he has weighed. From the shipping tank, it is fed onto a conveyor belt that runs the length of the shipping gallery, and from this it is diverted by tripper into a spout that flows to the proper ship's hold.

There are automatic samplers at the head house in the galleries that get a good average sample, on which the government graders can establish the grade and assess any impurities that may be in the sample of grain being exported. From this they issue their government grade certificates. We hear many proposals that grain should be cleaned on the prairies, in country elevators or on the farms, or through municipal seed-cleaning plants. From a commercial standpoint I do not find this to be a practical arrangement. I will agree with you that the amount of dockage shipped could be reduced but due to the many problems in cleaning, it is impractical to have a vast number of kinds and types of cleaning equipment required to do the complete job at each elevator or receiving point. As an example, straight sieve machines can remove small weed seeds, dirt, sand and dust. For the removal of larger cereal grains such as oats or barley from wheat, a cylinder machine gives the best result. The cleaning of oil seeds requires very specialized equipment, and even the best commercial machines we have buy still leave much to be desired in reaching the cleanliness demanded by outward shipping tolerances.

We have eight kinds of cleaners and there are many more. Each of these machines can be equipped with different sizes of screens. One problem the graders have, on export shipments, is in respect of the standard of quality required by the regulation of the Board of Grain Commissioners. I refer to a difference on the tolerance of inward grading compared to a much stiffer regulation on export shipments. I think you should be advised that all grading is done after the sample has been put over a very specialized machine to remove all dockage from the sample. This machine does a much better job than can be accomplished by commercial cleaners. On grading of certain kinds of grains, hand picking is tolerated which, of course, cannot be duplicated by any commercial machine.

There is often reference made to bulk loaders, and I am repeating here what Riddell said. In the first place, we could only handle clean grain. There would be no blending done to average out protein and quality, as it varies greatly in different districts across the prairies from year to year. Grain which grades



into one statutory grade, coming in, may not ship out as that grade. If you were to use inland terminals, the stop-off charges add to the cost of handling.

This also is repetitive of what Mr. Riddell said, and I hope you will bear with me. The licensed capacity of terminals on the west coast is about 25 million bushels. I have included all of them, Prince Rupert, Victoria, New Westminster and Vancouver, with 5 million bushel under construction—the new Sask Poo terminal. This is licenced capacity, but the actual working capacity is only 80 per cent—I am a little more generous than Mr. Riddell; he only gave a working capacity of 75 per cent—or about 20 million bushels. Last year was a record handling year through the British Columbia ports, with just over 236 million bushels. The previous largest handling was 226 million in 1963-64. The month of March 1966 was a record month, 25.3 million bushels were shipped out of Vancouver ports or 29.6 million out of all B.C. ports. At this rate, it would be possible to ship through the ports something in excess of 300 million bushels. However, we want you to know that conditions were favourable for getting record volume through these ports. Ships were plentiful and waiting their turn to be loaded. The railroads were doing an exceptional job; they had a large number of cars under load, waiting to be unloaded at the terminals. Admittin that conditions were favourable for the terminals, it does prove that a tremendous volume can be handled through our terminals, if conditions are favourable.

If you have any questions after the rest of the speakers have spoken, we would be pleased to try to answer them. Thank you, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. Moen. We will now have Mr. Harry Craig North Pacific Shipping, describe the role of the ship's agent in grain shipping.

Mr. Harry CRAIG (*North Pacific Shipping*): Mr. Chairman, members of the committee and gentlemen, I trust that the remarks I propose to make are not too detailed but an agent's work, in handling grain ships and other types of vessels can be, on occasion, very involved with a lot of detail.

I will, in the simple terms I know, try to explain to you where an agent comes into the act, when a vessel is fixed to carry a cargo of wheat, grains of any kind, oil seeds and so on, from this port. Naturally, the first time we get into the act is when a principal advises us that he has fixed a particular ship for a particular cargo from Vancouver. He will at that time advise his agent of the expected time of arrival of his vessel, the name of the charter or shipper, which we can sometimes find out on our own, the dead weight of the cargo to be lifted and the type of cargo—whether it is wheat, oil seeds and so on. The agent would then contact the shipper and confirm the details of the vessel and the cargo as he has received it from the owner. He would then, in all probability, contact the B.C. grain shippers clearance association and confirm the grades and so on, always hoping that when the ship gets here the grades will be available and there will also be a berth. You gentlemen may have read in the paper recently that a berth around here is about as scarce as hen's teeth, due to the congestion we have had. I think that has received enough national publicity.

We would contact the stevedore, advise him of the details of their ship and the details of the cargo. Then, as time goes on, we contact the master of the vessel by wireless. We would (a) acquaint him with the type of grain he

loading, the stowage factor of the grain—X number of cubic feet to a long ton, to ascertain whether the ship is fitted and in all aspects ready to load on arrival, (c) ask him his ETA, get his cash requirements, ask him whether he needs bunkers, and so on. Now as to whether he is fitted, as Mr. Moen said, there are numerous kinds of vessels. You have oil tankers, the conventional tween deck vessels, self-trimming bulk carriers and bulk carriers. They all have their various peculiarities, and the ship that requires the most work, as far as my friend Albert White the stevedore, is concerned, in most cases is a tanker or a conventional type vessel, requiring grain fittings, in some cases throughout the entire vessel. With a tanker, goodness only knows what is involved, it depends on what it has carried on the previous voyage. I will let him touch on that part of it.

If a ship comes in here when the harbour is congested, or if, by chance, there is a shortage of the required grades, we would put the ship into what we term a "by berth", where we would fit for grains in accordance with the requirements of the Department of Transport, whose representative here is the Port Warden. At the same time, of necessity, the ship has to be inspected by a Department of Agriculture inspector.

I will now cover the arrival procedure. When a ship comes close to the coast, we order a pilot through the local office of the B.C. pilotage authority. We have to notify the quarantine station at Victoria and advise them where the ship is coming; whether she is in ballast, and so on. They are often inspected just off Victoria; in fact, the quarantine inspector boards with the pilot, and examines the ship's quarantine certificates, vaccination certificates of the crew, and so on. To enable the master to come into the port with all his documents, we mail out to the pilot station the customs and immigration forms that are required, so that when he comes in here he is already to be received by these officials.

On arrival, amongst other people who would board the ship, who have a direct interest in the loading of the cargo, would be the Port Warden, the Department of Agriculture Inspector, the stevedores, and so on. Also, there would be the ship chandlers and bunker suppliers. You can just imagine the requirements of some of these vessels.

If the ship is all ready to load and she has been passed by these two government agencies, then the duty of the agent, in accordance with the charter party covering this cargo of wheat that would be loaded, is to present a notice of readiness. You want to get that notice in right away because the time of this certificate governs your position in—a word we do not want to use too often, but we have had them line-up. At the present time the line-up is next to nil; we are in a happy position with regard to grain shipments. We present a notice of readiness to the shipper or the charterer. The company buys the certificate from the Port Warden and the Department of Agriculture. The charter party, in most cases, specifies that these two certificates are necessary, so that lay time will commence on the vessel whether or not the ship is in berth.

The duties of the Port Warden covers fittings on the vessel, whether they are government regulations, whether the stability calculation of the vessel has been properly worked out on the appropriate form, if such a thing is required—this also depends on the type of vessel, and the Department of

Agriculture inspector inspects the vessel for cleanliness and makes sure that it is insect free.

If we find, after a vessel has been passed, that there is no loading berth immediately available, then we arrange to put the vessel out to an anchorage. That is one thing that my friend, Captain Johnson, here does not charge us for—we get a free anchorage. After all, a ship of approximately 500 feet in length would cost about \$225 a day just to stay alongside a berth, doing nothing. You try to protect your owner to the extent that, as you are going to have to move out anyway, to go to another berth, you put the boat out to anchorage and save him a few dollars.

As I said earlier, we work on a seniority basis. When a ship is passed, the records are kept by the clearance association, and the time is based on the passing time by the vessel by the post warden and the Department of Agriculture. The clearance association keep a record of these readiness times, and then they allocate the berths.

When the loading berth is available we have to make the necessary shifting arrangements and notify the stevedores. Coming into berth, we make sure that the grain has been released at the elevators. Prior to going into the berth the stevedores, in conjunction with the master of the vessel and his chief officer have arranged the stowage. Sometimes we are loading two or three grades. Sometimes we load a mixture of wheat and oil seeds. An expression commonly used here in the trade is a "grocery store" order, where you can have, as some of my elevator friends here know, little drabs of this grade of seed and that grade of seed, rape seed, flaxseed, wheat, barley and whatever. If there is more than one loading berth involved, which is usually the case, then we have to arrange to work the vessel in such a way that we get the maximum eight hours work at one house and have her in the next elevator for the following morning. These ships, as you know, are worth a lot of money and, of necessity, it may be advantageous to your owner—after all, the agent is the owner's local representative—to work overtime. This is not the cheapest thing in the world sometimes. Some of these ships get up around the 30,000 ton classes, they are worth a lot of money per day to an owner and he is most reluctant, naturally, to see them sitting around here doing nothing. When we can save a day or two days, it is money in his pocket. If it is possible, we do work overtime which, in turn, helps the next vessel waiting.

On completion of loading the vessel, the next man, one of the most important fellows, is, again, the Port Warden. This is the man that must be satisfied that the grain has been loaded in accordance with the federal regulations for loading bulk grains. He must make sure that the vessel is not overloaded, that its hatches are well secured and that he has no slack hatches, although on certain ships you can load slack in a hatch. He issues the clearance. We enter a ship at the customs when she comes in, and when we clear a ship we also must clear with the customs. If we have not met the requirements of the Department of Transport and Port Warden you just do not clear your ship; you just stay here.

We, the agents, apart from putting the parties who have had dealings with the vessels, paying their accounts and so on, have to obtain receipts from the



master and chief officer of the ship for its cargo. We have to issue bills of lading, statements of fact, lay day statements, have the master sign for all the expenses he has incurred in the port, because these vessels do spend a lot of money in a port, apart from the cost of stevedoring, bunkers, ship-chandlery accounts and so on. It amounts to a lot of money.

After sailing, we naturally have to advise the owner what his ship has done. Of course, during the process of loading we also keep him informed. We cable the owners the cargo details; the time of arrival at his first port of discharge; make sure the necessary documents are mailed to the owner, his agents at the ports of discharge; compile disbursement accounts for the owner, always hoping that he has put you in money. There are numerous other things that one is called upon to do, from looking after sick sailors to arranging with the ship-chandlers, repatriating crew and so on.

I have given you a very sketchy run-down. I am sure, for those of you who are not familiar with our work, there are undoubtedly some questions you would like to ask. I would be very happy to do my best to answer, Mr. Chairman, at the completion of the discussion.

The CHAIRMAN: Thank you, Mr. Craig. We will now hear from Mr. Albert White of Louis Wolfe & Sons explain the role of the stevedoring company.

Mr. ALBERT WHITE (*Louis Wolfe & Sons, Vancouver*): Thank you, Mr. Chairman and gentlemen. We have the grain in the port of Vancouver now in good condition. Because the idea is to get this grain to its destination safely and in the best of condition, the carrier of this ship has to abide by certain federal regulations. The most important regulations are those of the Department of Transport, and these are administered by the Port Warden. These regulations were formed by SOLAS, which means safety of life at sea. This international organization establishes the rules, the capacity of ships, the fittings required for each particular type of vessel, and all the problems pertaining to fuels, ballast, water and everything like that. In order to have a clean ship, the Department of Agriculture, which is a federal agency, boards the vessels and sees that the ships are clean. They inspect these ships very minutely. They wear a light on their head and go to every possible corner, and, believe me, there are lots of them. If a ship has carried grain from the south, especially from the Gulf of Mexico, it is usually infested. When the Department of Agriculture inspectors find these insects, they insist the ship be fumigated or sprayed. If there is any residue of grain left in any part of the ship, they give orders for its removal. They leave instructions to the Master of the Ship. The Department of Agriculture are the only people who can tell a master of a ship what to use to clean his ship. It is the only department that can do this. The Port Warden can advise but he cannot demand. The Department of Agriculture can demand this, and it is quite evident that it is paying good dividends because our grain is arriving in good condition and we have very, very few complaints. I think they are making a tremendous effort.

They have to issue certificates for all these detentions. They advise what to do, the fumigate, spray or whatever it is. When this is all done, they issue certificates, and so that there is no confusion or problem, everyone gets these.

When a ship comes to Vancouver and we board it, the master and stevedore try to agree on some working plan so that the ship can load at the various elevators as quickly as possible and with the least amount of shifting from one elevator to another. It depends on how the wheat board has brought the grain in. Sometimes one elevator will have enough of one grain but not enough of another, so the ship has to move to where the grain is. Consequently, this creates delays. However, these are problems we are faced with every day. Now, if there is congestion in the port the ship may have to wait for a particular elevator because there is another ship there.

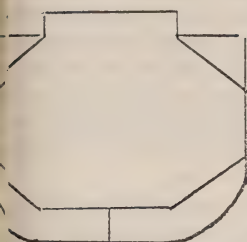
In the course of loading vessels, we handle over 30 kinds of grain. We have wheat, barley, oats, rye, and in oil seeds we have rapeseed, mustard, as well as the by-product, the pellets, which are now being developed in quite numerous amounts. These different amounts are sold in specific lots, which means, if one hold of a ship will take 4,000 or 5,000 tons and they are only shipping 2,000, that you have to put two kinds of grain in one hold, which requires a separation. These are the delays that the elevator people complain and over which we have no control. However, these are the things that have to be put up with.

Problems with loading the ships include tides, which we have here in Vancouver, that range from zero up to sixteen feet, higher than this room. Now if a ship comes in light and you have a high tide, there is a range of over 60 feet from a low ship to a low tide. It is higher than most telephone poles. This is the range of heights that we have to contend with for the galleries of the elevators which means that some elevators cannot receive some ships, especially tankers. When a tanker is ready for loading, it has no ballast in it and it cannot go to anchorage because it would be unstable; consequently, the spouts will not go high enough to accommodate some of these tankers. These are problems that we overcome with different elevators.

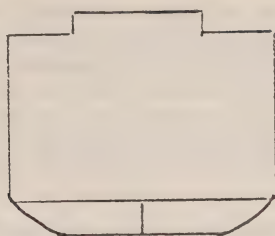
Another serious problem here in Vancouver is the weather: rain, rain, rain. If a ship has gear we rig up tents that will cover up the whole hatch. These tents will cover, say, half this room, and when they get wet, they get pretty heavy. If a ship has no gear, and there is no way of rigging up a tent, we have to use tarpaulins and maybe open up the hatch a little bit so we can keep the rain out. If grain gets wet then the grain board is down on our necks like a ton of bricks. Consequently, there are delays because you cannot rig up and run grain at the same time. However, we manage to get by.

I would like to use the blackboard to show you the three or four basic types of ships that we load. This is a self-trimming bulk carrier. In other words, you just put the spout in here and run the grain up until it fills up, and when it is full you cover over the hatch. There is really no problem; it is all the same kind of grain and there is no separation. It is just a matter of filling it up. These types of ships have from five to seven holds. This is the modern type of vessel which can take anywhere from 20,000 to 40,000 tons. We loaded a ship here not so long ago that took in 44,000 tons of grain. The pool elevator, I think, created a record on that. I think it was about 40 hours for 44,000 tons, which is pretty good going.

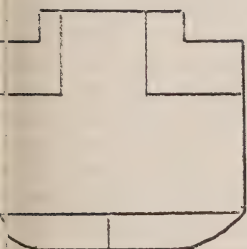
Next is the tanker. It has two bulkheads, fore and aft, running the full length of the ship; they are divided across the ship, making from 27 to 30 tanks



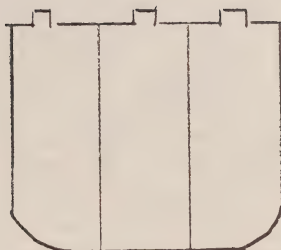
SELF TRIMMER



NON SELF TRIMMER



CONVENTIONAL



TANKER



Each one of these tanks will hold various amounts, from 500 to 1,000 tons in the wing tanks and from 1,200 to 1,600 tons in the centre tanks. After the grain runs up here, we have to get hand trimmers in here to shovel all these tanks. There is an opening about twice the size of a barrel and the grain has got to go in this barrel. Of course, it is running very slow and the men have to trim it in under here, and when the spout is way over here, you have to stretch it right over and it takes quite a lot of jerry-rigging to stretch it out. When you have 27 of these tanks to do, it involves a lot of work and takes a long, long time.

Then there is the conventional ship with one or more 'tween decks. This is the lower hold here and this is a 'tween deck. This is the feeding space, which resembles one small box on top of a large box. These feeders can come down a certain distance. The grain is run up about so high and we have machines that will take the grain from this outer stout and throw it up, so that when the ship is out at sea and starts to roll, all these compartments will be full, and there is no problem with heeling over. Now this feeder box tends to keep the grain in a certain position, and if the ship rolls over and there is any slack space in here, this grain will come of the feeder box and keep the lower hold full.

Now when we get into 'tween decks, this area looks after this and we have to machine these areas. This feeder box here tends to keep this area full, so that the ship will be tight in all its areas at all times.

When we are loading oil seeds or commercial products and we only have enough for half a hold or a third of a hold, and say we have rye down in here, some rapeseed up here, and along here we have some flax, it means that for the amount of grain that is ordered or has to be shipped, we have to level all the grain off and lay separation clothes, which consist of burlap and plastic polythene and dunnage. So when they take the grain out, whether it is by clam or suction, then this grain will not be mixed with this. This, of course, is again inspected by the grain board, and if they see a little hole that is not covered up right, they give us the devil. They are quite meticulous in this respect. When they are discharging, then we have to have the right grain in the right place for the right port. If we have rye up at the top and flax down below, the rye, being the heavier, the ship might not meet the Port Warden's requirements of stability. They have to have a certain stability before the ship can start to load. It has to be proven, and we have to arrange these things. We have had as many as nine different grades at seven different elevators and four different ports. These are problems that we have to work out, and this is what takes the time and delays the ship. When it is all one grade for one port, there is really not too much of a problem. Our problem, to get the ship from one place to another, is to have the ship on a fairly even keel or by the stern so that the ship's propeller will not be out of the water when she arrives, because she usually consumes fuel from the aft end of the ship. If you did not have the ship in right trim then you are in trouble. If the ship is going by the head then she cannot use her fuel because the fuel is at the forward end of the tanks. These are problems we have to work out with the master of the ship.

When we finally get the finishing stage of the ship, we have to take into consideration the load marks, which is the plimsoll; we have to make sure that

do not overload the ships, otherwise the Port Warden will make us discharge. We do not have any facilities for discharging grain here except by ship's gear. We have absolutely no facilities. If somebody makes a mistake, it is really a very big effort and it costs a lot of money.

I think that is pretty well all I can tell you about these things. If there are any questions I will be delighted to answer your questions. Thank you very much.

The CHAIRMAN: Thank you very much, Mr. White. We have one more gentleman to present a presentation, Mr. Fraine from the C.P.R., who will explain the role of the railway company in handling grain.

Mr. J. N. FRAINE (*Canadian Pacific Railway*): Mr. Chairman, members of the committee and gentlemen, I am happy to have the opportunity of outlining to the committee the role of the railways in the handling of grain from the prairies to the Pacific coast for export.

The western grain-shed includes the province of Alberta, a portion of the western part of Saskatchewan and the northeast corner of British Columbia. Alberta and Saskatchewan are served by Canadian Pacific, and Canadian National and the Northern Alberta Railways which is jointly owned by both Canadian Pacific and Canadian National serves northern Alberta. The northeastern part of British Columbia is served by the Pacific Great Eastern Railway.

I will be speaking to you on the system employed by Canadian Pacific for the movement of grain but with minor variations, the situation on the other railways would be similar. There are four railway divisions in Alberta, each under the supervision of a superintendent located at Calgary, Lethbridge, Medicine Hat and Edmonton. This railway system is made up of 3,000 miles of main track, including branch lines, and some 800 miles of siding, yard and industrial trackage. The movement of trains in all of the four divisions is controlled from a central despatching office located in Calgary. This office was established some 18 months ago, with a view to maximizing the efficiency of distribution and train operations. In addition to being in touch with all the agents on the territory by telephone and telegraph, this office also is mechanized so that it can secure through the computer centre at Montreal all the information it requires in connection with the location and movement of cars and locomotives, both in Alberta and in trains destined to Alberta from either the east or the west.

Prior to the commencement of each crop year, the wheat board makes known to the railways the number of cars of grain required for delivery to the Lakehead, to the Pacific coast and for mill orders. These requirements indicate the number of cars to be loaded per day on a five-day week basis, and the requirements are adjusted several times throughout the year, usually about the time of navigation to the Lakehead in mid-December and again just prior to the opening of Lakehead navigation in the early part of April. The wheat board then, from time to time, issues shipping orders to the various grain companies to authorize the movement of grain, according to the type and grade required, to meet the board's marketing commitments. It also establishes a quota for each shipping point, with a view to providing equality of shipping opportunities to all

producers. The board issues a weekly tabulation, indicating the quota position for each point and the estimated number of cars required to take care of the various quotas at each point. This document is used by the despatching office to distribute the empty cars in accordance with the shipping orders held by the country elevator agents at the various shipping points. There are some 877 country elevators located on Canadian Pacific lines, ranging from one or two at a station to as high as 12. The number of cars required to fill any given quota varies widely in different areas of the province, depending on the productivity of the area and the use to which the land is being put. Consequently, some branch lines, where production is high, are served daily or tri-weekly, whereas others may be served by intermittent service as required.

Once a car is in place at an elevator for loading, the country elevator agent places grain doors inside of the car as a bulkhead across each door. He then places the spout from the loading bin over the grain door adjacent to the elevator and loads the car. After this, the outer doors are closed and sealed and the car is billed to its destination. A supply of grain doors is maintained at each country elevator by the railway. Originally, grain doors were made from one inch rough lumber. More recently, paper grain doors have come into use and Canadian Pacific is presently changing over from wood to paper doors on this region, with three of the four divisions already re-equipped.

All Vancouver export grain loaded in Alberta and western Saskatchewan moves to the coast through Calgary and the Kicking Horse Pass except for the grain that is loaded east, west and south of Lethbridge, which moves through the Crowsnest Pass. This latter movement is routed to the main line at Golden, B.C. via the Windermere subdivision and then on to the coast. On occasion, solid trains of grain are run west from Lethbridge and Calgary and, on other occasions, grain is moved in blocks on trains with other traffic, depending on the general flow of traffic.

After arrival at Coquitlam, which is our main freight terminal located about 17 miles east of Vancouver, the grain is switched, according to the elevator to which it is destined, and is moved between Coquitlam and the elevator location by transfer crews. It is subsequently placed on the elevator unloading tracks by a yard engine.

It may be of interest to you to know that Canadian Pacific has, within the last five months, taken delivery of some forty 3,000 horsepower locomotives which are being used to handle grain and other traffic between Calgary and Vancouver. The balance of the order, 25 units, will be delivered in the next few months. These units are presently being operated in three-unit consists which can handle about 75 cars of grain. When all have been received, four-unit consists will be used to haul 100-car grain trains. The application of these 60 heavy locomotives will increase the capacity of the line by about 60 per cent.

In 1966 Canadian Pacific handled into Vancouver, 65,906 cars of grain carrying 130,300,000 bushels. If all of these cars, together with the locomotive which hauled them, could be marshalled in one train, the train would extend from Calgary to Vancouver, a distance of 641 miles. In terms of tonnage handled



the grain amounted to 3.9 million tons or 40 per cent of the total number of cars moved into the Vancouver area from the east.

I have been as brief as I could, Mr. Chairman. If there are any questions I should be happy to try to answer them.

Mr. OLSON: Mr. Chairman, I wonder if Mr. Fraine would mind repeating the information that he rose about the new locomotives that are going to increase, I think he said, the utilization of the line by 60 per cent.

Mr. FRAINE: I said the application of the 65 heavy locomotives will increase the capacity of the line by about 60 per cent.

Mr. OLSON: Did you say that you had these 65 heavy locomotives now?

Mr. FRAINE: We have 40 of them.

Mr. OLSON: You have 40 of them now and 25 to come. Thank you, Mr. Chairman.

The CHAIRMAN: What is the wish of the committee? Do you desire to see the film now, or is it your wish to see the film and have the questioning period afterwards?

Some hon. MEMBERS: Let us see the film now.

The CHAIRMAN: If it is the wish of the committee to see the film, we will have the film and proceed with questions immediately afterwards. I believe Mr. Hamilton will narrate this.

Mr. HAMILTON: I wonder if I could say a word about the film. It is a little bit out of date. It shows the Board of Grain Commissioners as being under the Department of Trade and Commerce; you are all well aware that we are under Agriculture now. The equipment is old; it shows steam engines, and we do not have those any more. We have a new film in the making, which is a combined effort between the Canadian Wheat Board and the Board of Grain Commissioners, showing the combined operations.

(Film: "Grain Handling in Canada"—see Minutes of Proceedings for explanation)

The CHAIRMAN: We will start the question period now. I have two names so far on my list although I may have missed some. I have Mr. Jorgenson and Mr. Fair down.

Mr. JORGENSEN: I think many of the questions I had in my mind, when I came to this meeting, have been answered by the thoroughness of the reports that have been given.

Captain Johnson said something about the transport commissioner doing a commendable job in relieving the bottlenecks in respect of the movement of grain, by the appointment of the transport commissioner. Mr. Riddell, you have rendered a tremendous service for the grain trade in western Canada, and in doing so have been deprived of your retirement holiday. What, in your opinion, would be wrong with the appointment of a permanent transport commissioner to make sure that the movement of grain is kept at the very highest level?

Mr. RIDDELL: It is pretty hard to say, Mr. Chairman. There was a transport commissioner appointed under the emergency powers during the war. Of course when these powers lapsed in 1948, the position naturally was done away with.

The position of a transport commissioner entails quite different duties, of course, from what mine were. Everything that I and members of the committee did, had to be done on a purely voluntary basis. We had no authority to issue orders to anyone and we had to rely strictly on co-operation. I believe that in the handling of a job like this the co-operation from the various parties is worth a good deal more than the issuing of orders, demanding that certain things be done. I think, in this free economy, that it is far better to depend upon co-operation rather than to be issuing orders, in the handling of a business like this.

Mr. JORGENSEN: I quite agree with you, but without the transport commissioner in the position of co-ordinating the efforts of the various groups which are involved in the movement of grain, does that type of co-operation exist between these various groups?

Mr. RIDDELL: Yes, I think it does exist but, of course, it does need some co-ordination in bringing the various groups together. I think that can be done perhaps, to a greater extent than has been done in the past through the Canadian wheat board and the other agencies involved. I found that everyone was most willing to co-operate with me in anything that had to be done. I might say that when the committee officially suspended its operations last year,—that is, when the emergency was over, there was no need for my services and the committee's function was really at an end—members of the committee expressed the opinion that they would like to continue their efforts by meeting occasionally, either by themselves or under the functions of the Canadian wheat board. I strongly recommended to the government that this suggestion should be carried out.

Mr. JORGENSEN: I would like to ask Mr. Fraine a question, without in any way trying to monopolize the time of the committee. Mr. Fraine, is there sufficient trackage in the Vancouver harbour area to accommodate all the cars you feel are necessary for the most effective movement of grain?

Mr. FRAINE: As grain is handled and unloaded currently, there is ample trackage.

Mr. JORGENSEN: If there was an increase in the amount of storage space in the Vancouver area, could there be a corresponding increase in the trackage? Is there physical space available for that purpose?

Mr. FRAINE: I had not quite completed answering your other question, sir. As it moves currently, there is sufficient trackage. However, on occasion, we get surges; there is not space here to handle it; the elevators are working at capacity and there is an actual surplus to immediate needs. On those occasions, we are obliged to set traffic out before we get to Vancouver. I cannot speak for Canada National but I know we have been building trackage each year, over the past seven years, at Coquitlam. We still have ample space there to build more, and there is not any likelihood of our running out of the ability to provide trackage to handle the traffic as it grows.

Mr. JORGENSEN: I have one final question for Mr. Moen. You mentioned, as I believe Mr. White and Mr. Craig did, a problem you face in connection with the various types of boats that come in here, some boats taking a great deal longer to load than others. What other problems do you face in loading grain, which slows down the movement of grain onto these boats?

Mr. MOEN: If I have understood you correctly, you are suggesting that the different types of vessels, present quite a problem. In my report, under "Other conditions", I mentioned that in years of high moisture there is a great majority of this grain that has to be dried. Our capacity here for drying is quite extensive, but not to the extent where we can dry, say, more than about 40 per cent of what comes in; we are in trouble if we have more than that under full production.

Cleaning can vary from year to year. The dockage, this year, is very heavy in some areas in the northern half of Alberta that were dry in the spring. This does not clean, over cleaners, on one run; it means you have to make a duplicate run, perhaps on one type of machine for a first scalping and on another type of machine for a second cleaning. This is something that you have to be prepared to contend with because this varies from year to year depending on the seriousness of the problem. I do not think this can be corrected by anything; it is something that we in the grain trade must live with. These things do come at us in surges.

Mr. JORGENSEN: You are satisfied that your particular terminal has all of the best and most modern and practical methods available for the movement of grain?

Mr. MOEN: I am glad you used the word "practical" because this terminal was built in 1927 and 1928. Its construction is such that you cannot hope to take advantage of all the modern methods, but you try to adapt what you can. Perhaps I could define this a little more by saying that you could increase the size of the legs which go up a certain enclosed cement column. However, I believe we all have had the experience of trying to build a new chimney in a house to make a fireplace. It is quite a job when you have to go up through a mass of walls, tanks and so forth. I think that the new Sask Pool terminal will have new, modern push-button methods of handling grain, which will be better than what we have. But, at the same time, I think that all the terminals here are quite capable of giving a good account of themselves.

Mr. FORBES: May I ask a supplementary question? If I understood you correctly, you said that the tough grain would be cleaned before it was dried?

Mr. MOEN: I am sorry if I have left that impression. It must be dried first.

Mr. FORBES: I was wondering if you could reverse it and save two or three operations?

Mr. MOEN: The reason you want to dry it first is that tough and damp grain sticks to everything that it goes over, and if you put it over a cleaning machine, with multiple screens, you get a great mess. So you hope to dry it out. Furthermore, if you put the screenings or any of the dust aside in a high moisture condition, you have another problem in that bin because it starts to heat and so forth. So the first run, on something that tests high in moisture, is through the dryer and then to the cleaners.



An hon. MEMBER: I have another supplementary.

The CHAIRMAN: I think we were getting away from the line of questioning. Perhaps Mr. Muir's question is supplementary too.

Mr. MUIR (*Lisgar*): My questions are for Mr. Riddell and they relate to the capacities of the elevators.

The CHAIRMAN: Perhaps Mr. Moore could ask his supplementary.

Mr. MOORE (*Wetaskiwin*): My supplementary had to do with tough grain. Is it possible and if so, would it not be more practical, in a year when there is a lot of tough grain in certain areas on the prairies, to dry it locally before shipment?

The CHAIRMAN: Do you mean on the farm or at the local elevator?

Mr. MOORE (*Wetaskiwin*): Well, either, but mainly at the local elevator.

Mr. RIDDELL: Mr. Chairman, there are no dryers in country elevators. In some years, particularly in 1951 and in a later year, when there was a large percentage of tough and damp grain, a great deal of grain was dried on farms on a local delivery points by bringing in drying machines and drying the grain on a custom basis, for the account of the farmer. At that time they had to be very very careful because if grain is over-dried it will hurt the baking and milling qualities of that grain, and quite a bit of grain was spoiled in the early drying. The Board of Grain Commissioners then took steps to check it very closely and toward the end quite a satisfactory job was done in the drying of grain.

In some countries, particularly the United States, a great deal of drying is done on a custom basis at the local delivery point; in overseas markets, quite a bit of grain has to be dried before it goes to the mills and most of that is done at local points, through drying equipment. However, in these cases, I do not think that they observe the same regulations regarding the maintenance of the baking and milling qualities in the grain after drying.

Mr. MUIR (*Lisgar*): Mr. Riddell, I believe you mentioned that the capacity of the present elevators is 20 million bushels.

Mr. RIDDELL: That is the rated capacity; the present capacity, in the four ports of Vancouver, New Westminster, Victoria, and Prince Rupert, is 25 million. Although the rated capacity is 25 million, I said that the actual working capacity would be about 25 per cent less; Mr. Moen, I think, said 20 per cent less.

Mr. MUIR (*Lisgar*): Mr. Craig mentioned that at times, at least, he felt there was a shortage of berths for the ships. What would you think would be a desirable amount of elevator capacity to have at these ports to handle the expected amount of grain that we are going to be shipping, say, in the next decade? Perhaps that is going too far ahead; let us say, to 1970?

Mr. RIDDELL: Mr. Chairman, as I mentioned in my report, there is a new elevator under construction for the Saskatchewan Wheat Pool which will provide an additional five million bushel capacity. That will bring it up to 30 million, and I think the plans are underway to add about one million bushels to the capacity of the Prince Rupert elevator. So there will be a total of 31 million. Actually, there is no limit to the amount of grain that can be put through

terminal elevator, provided it arrives promptly, that it is the right type of grain you wish to ship, and you have vessels waiting in port ready to accept delivery of the grain. I have never felt that it was necessary to store any particularly large quantities of grain in the Pacific port elevators. They are built not for storage but for handling and shipping of grain. All that you need in these ports is sufficient storage space to allow for two factors: the non-arrival of grain due to delays in the rail movement; and the maintenance and holding of stocks of grain due to the non-arrival of vessels, which very often happens due to storms at sea, strikes at other ports and other hold-ups.

Mr. MUIR (*Lisgar*): Mr. Riddell, you mentioned that there was something like 250 million bushels shipped out of Vancouver?

Mr. RIDDELL: Two hundred and thirty six million shipped out of all of the ports in 1965-66.

Mr. MUIR (*Lisgar*): In that case, you shipped approximately ten times the working capacity of the elevators. Is that possible to do at all times, or was this just a special effort?

Mr. RIDDELL: No. I think it is possible to do it at all times, Mr. Chairman. I have felt that the capacity of the port, normally, should be around 20 to 22 million, bearing in mind that we have different types of grain to handle: wheat, oats, barley, flax, rye and rapeseed; and I think on that basis it could be measured and handled on the basis of 20 to 22 million bushels per month almost year round.

Mr. MUIR (*Lisgar*): This is my final question, Mr. Chairman. Are you satisfied that when Sask Pool build their elevator and you get this other million bushel capacity, that the port of Vancouver will be able to handle the grain that is necessary to handle for export, through that point?

Mr. RIDDELL: In respect of the present market, Mr. Chairman, I do not think there should be any difficulty, with these added facilities, in handling the requirements.

Mr. MUIR (*Lisgar*): Thank you, Mr. Chairman.

(translation)

Mr. CLERMONT: Mr. Chairman, I trust that in putting my questions in French, I shall not be creating a disturbance.

My first question is to Mr. Moen, in the folder, which was distributed, mention is made of the fact that the biggest quantity of wheat from Alberta and West Saskatchewan is delivered to the port facilities of the Pacific Coast for export. Is this due to economic reasons? A large percentage of the grain exported from Alberta and Western Saskatchewan leaves by way of the Pacific ports, in most instances from Vancouver. Is this due to economic reasons?

(English)

Mr. MOEN: Yes. There is a much cheaper rate from these areas that you are speaking of to Vancouver than to the head of the Great Lakes.

(translation)

Mr. CLERMONT: Are these exports to all parts of the world?

(English)

Mr. MOEN: From the Vancouver port, yes.

(Translation)

Mr. CLERMONT: You mentioned that Canada is the only country in the world which sells wheat on certificate. For a representative from an Eastern riding could you tell us on what basis the Americans export their wheat?

(English)

Mr. HAMILTON: Mr. Chairman, I said that Canada was the only country in the world that exported all its grain on the strength of a piece of paper. The Americans do export some this way, but they also export some through a sample market.

(Translation)

Mr. CLERMONT: Mr. Fraine, you mentioned in your remarks that at the outset of a season, the Canadian Wheat Board informs you regarding the quantity that would be conveyed to different harbours in Canada in a peak period and my question can be explained in this way; from time to time in the House of Commons, our colleagues from Western Canada complain that certain regions do not get the railway freight cars they should in peak period, so in peak periods who decides what region is going to get more cars than another region is going to get?

(English)

Mr. FRaine: Cars are distributed by the railway. Every endeavour is made to distribute them in accordance with the quota situation, as it may exist, so that each area has an equal opportunity to ship. However, there are occasions where for one reason or another, it is not always possible to do it on a short-term basis. For example, the demand may be for a type of grain which is not available at the station, which may make those in that area feel they are being discriminated against in the placement of cars. But, generally speaking, we attempt to distribute the cars in an equitable manner.

(Translation)

Mr. CLERMONT: Due to different types of boats used, I do not know, Mr. Chairman, to whom I should direct this question, but I believe one of the witnesses mentioned that there are tankers used at certain periods. They may load only 200 tons aboard the tankers, this means there is an additional cost factor due to maintenance. Do the boats have to pay additional demurrage charges in this case?

(English)

The CHAIRMAN: Mr. Moen made that statement.

Mr. MOEN: I made part of that statement. Will you recall the drawing on the board that Mr. White, on behalf of the stevedoring company, made of the tanker. When you are filling up underneath the corners, you can only manage about 200 tons on some eight-hour days because you are doing a lot of trimming a great deal of which is done by hand. If machines are used, it takes time to get them into position. These boats that are taking this grain do not pay extra for this additional time, but it does cost them more for stevedoring—they have me



the job for it. As far as the terminal is concerned, although we do not get anything extra out of this grain, it does cost the ship more money because of the crews that are putting this grain aboard.

The CHAIRMAN: Mr. White, did you care to make a comment on this same question?

Mr. WHITE: The only extra charge would be for the stevedoring rates. The rates for leading bulk self-trimming ships are different from those for loading takers. The rates are established from a manpower operation. The more manpower hours it takes to load a ship, the different the rate structure. I myself do deal in dollars.

Mr. GUNDLOCK: Mr. Chairman, several times this evening we have heard various speakers here refer to an eight-hour shift. Is only one eight-hour shift worked here in the port?

Mr. MOEN: No. I only used that figure, in my quotations, to give you a basis of comparison. We are cleaning grain 24 hours a day, seven days a week if required, although we are not continually running seven days a week.

Mr. GUNDLOCK: I asked the question, Mr. Chairman, in relation to loading. Loading carried on around the clock as well?

Mr. MOEN: No.

Mr. GUNDLOCK: How long?

Mr. MOEN: Our loading runs mostly eight hours. If a vessel is ready to sail, it can work an extra hour on that; and then at the present time there is overtime on Saturdays in connection with the loading of vessels.

Mr. GUNDLOCK: Then, generally speaking, ships are loaded eight hours a day only?

Mr. MOEN: Generally speaking.

Mr. GUNDLOCK: Throughout the year?

Mr. MOEN: Right.

Mr. NOBLE: Mr. Chairman, Mr. White said that there might be three different kinds of grain put on one ship. Who assumes the responsibility of the cost of material that is used to separate these grains?

Mr. WHITE: It is usually the charterer's account. They sell so much grain and they have to pay the charges for the separation. This is under normal circumstances. If the charterer has sold so much grain and it will fit into half a hatch, then he must pay for the cost of making the separation.

The CHAIRMAN: Perhaps I should not be saying this, as Chairman, but, Mr. Noble, are you worried about a charge-back being made which would come off the sale price of the flax or rapeseed?

Mr. NOBLE: I was wondering, Mr. Chairman, if there was any reflection back to the producer, if he had to come good for some of the charge when a shipment is mixed, or did the traders take that responsibility?

Mr. WHITE: The buyer is responsible at all times.

The CHAIRMAN: It does not cost the primary producer any more whether it is a full hold or one third of a hold?

Mr. WHITE: I would not think so.

The CHAIRMAN: Mr. Clermont are you finished your line of questioning?

(Translation)

Mr. CLERMONT: Mr. Hamilton, from the film you showed us, it would seem that there are several inspections. My first question is in regard to inspection. What is the number of staff you have in the Inspection Service, in round figures? You mentioned, I think, the Grain Board has about a thousand staff, how many engaged in the Inspection?

(English)

Mr. HAMILTON: Mr. Chairman, I will just run over the number of inspection people we have; Winnipeg, 66; Montreal 40; Chatham, 8; Toronto, 2; For William, 168; Keewatin, 1; Saskatoon, 10; Moose Jaw, 3; Lethbridge, 2; Calgary 15; Edmonton, 16; Vancouver, 75; Victoria, 5; Prince Rupert, 5; Baie Comeau, 2. I would think there is about 200 inspectors here.

(Translation)

Mr. CLERMONT: My last question. To whom does the producer have the right of appeal in regard to inspection? Is it on delivery to the elevator, or after the samples were sent to Winnipeg.

(English)

Mr. HAMILTON: Mr. Chairman, at the country elevator level there is no official grade. It is a grade that is agreed upon between the buyer and the seller. The producer does not have to accept the grade offered at the country level. If there is no agreement, a sample will be sent to the Chief Inspector in Winnipeg. He will establish the grade and dockage and the company must settle with the producer on that basis. If he ships a carload of grain, sir, and he is not satisfied he has a right to a re-inspection.

The CHAIRMAN: Are you through with your line of questioning, Mr. Clermont?

Mr. CLERMONT: Like the previous member, I would like to give an opportunity to other members to ask questions.

Mr. WATSON (Assiniboia): My question is to Mr. White and pertains to the loading of the ship, specifically the one with the tanks. You referred to the deep ones and having to get wheat and men up into these corners. How much wheat would be involved and how many men would this require?

Mr. WHITE: In each tank there would be around 40 to 75 tons and it would involve anywhere from six to 20 men.

Mr. WATSON (Assiniboia): Is there not some method of doing this by mechanical means, perhaps with the same type of spouts used for loading the corners of the bigger holds, or similar to what is used in a country elevator to shoot the grain to the other end of a boxcar? This would be a much faster method when there is so much wheat involved. Is there no possible mechanical means? If not, why not? Surely there must be some reason for this?

Mr. WHITE: What kind of piece of equipment could you get into an area about five feet in diameter and about three feet high, with a ladder down the middle of it?

Mr. WATSON (*Assiniboia*): What size did you say?

Mr. WHITE: About five feet in diameter, at the most, and about three feet high, with a ladder or escape hatch that goes all the way down to the bottom of these tanks. It is almost physically impossible to get any kind of mechanical device in there. We have tried many things in many ways.

Mr. WATSON (*Assiniboia*): How do you get men in it, then?

Mr. WHITE: Well we run the grain up to a point just so they can get in; then we put the men down with shovels and lights, and then you put more grain down so they can shovel it back. When they have it cleared away, you put more grain in, and they keep shovelling. This takes anywhere from one to three hours for each tank.

Mr. WATSON (*Assiniboia*): I may be a little dense on this, but I cannot see why you have to keep shovelling grain down because the grain will run down until you get to the top. I just do not understand your reasoning.

Mr. WHITE: We have run up as much as we can that will go in by itself. Let me show you in a drawing. We run the grain up and then run it down. Then we put some more grain in until it is all filled up. The men shovel back the grain. Then we fill it up again with more grain, until this is completely filled up.

Mr. WATSON (*Assiniboia*): How wide is that tank?

Mr. WHITE: This area would be approximately 5 feet maximum in diameter and 3 feet high. It would hold about six tons.

Mr. WATSON (*Assiniboia*): How wide is the whole tank?

Mr. WHITE: Well from here to here would be roughly one-third of it, 70 feet by 20 feet at least.

Mr. WATSON (*Assiniboia*): Where are the men?

Mr. WHITE: They are shovelling underneath. This is the main deck.

Mr. WATSON (*Assiniboia*): And there is no possible way that you can get a gun or machine to shoot wheat in there?

Mr. WHITE: There is a ladder all the way down the middle, like this.

Mr. MUIR (*Lisgar*): At least it would be a nice clean job.

Mr. WATSON (*Assiniboia*): Is there no possible way of putting a couple of chutes on each side if the ship is going to be handling grain? Could you have manholes?

Mr. WHITE: Some ships have what they call Butterworth openings, about 14 inches in diameter. I could not get through one of them. We use those to avoid cutting that out on the farm, that we would soon figure out a way of doing the job a lot quicker than that.

Mr. WATSON (*Assiniboia*): I will accept your answer but I am sure, if we stick that out on the farm, that we would soon figure out a way of doing the job a lot quicker than that.



Mr. WHITE: You do not have Lloyd's surveyor after you all the time.

Mr. WATSON (Assiniboia): I would look after him, too.

Mr. FORBES: Who pays the cost of the men shovelling the grain? Is it the owner of the boat or the transport commissioners?

The CHAIRMAN: This was more or less answered before, Mr. Forbes. The shipping companies make an agreement. Mr. White, would you like to answer this?

Mr. WATSON (Assiniboia): I would like one more supplementary on this same point.

Mr. FORBES: Did you get my question, Mr. White?

Mr. WHITE: No sir.

Mr. FORBES: Who pays the cost of shovelling this grain back into the corners? Is it paid by the boat owner, the board of transport commissioners, the national harbours board, the wheat pool or just who pays for it?

Mr. WHITE: The owner.

Mr. FORBES: The owner of the ship?

Mr. WHITE: Or the charterer of the ship.

Mr. FORBES: What does it cost the owner or operator of a boat, per bushel, to get his boat loaded at one of these berths?

Mr. WHITE: Each ship or type of ship has different rates. I do not know what the exact rates are, but this has to do with the owner of the ship or the charterer and the stevedores. This has nothing to do, I do not think, with the board of grain commissioners.

Mr. FORBES: But, is the total cost of transporting the grain from the elevator to its destination charged against the grain, which would reflect back on the farmer shipping the grain?

Mr. WHITE: No.

The CHAIRMAN: I would ask Mr. Craig to add to this. I think he can help us on this question.

Mr. CRAIG: We mentioned four types of vessels. A self-trimming bulk carrier is the cheapest ship to load from a stevedoring standpoint. The stevedore will bill the charterer or the owner at X number of cents per ton to load wheat, depending on the type of vessel. I suggest to you, in round figures, that with the assessment that the ship pays to what was formerly the B.C. Shipping Federation, now the B.C. Maritime Employees' Association, covering the operators' expenses, plus the stevedoring account, for a self-trimming bulk carrier the total stevedoring would amount to 28 cents a long ton versus 55 cents a long ton for a tanker.

Mr. FORBES: Would the boat owner pay the National Harbours Board for a berth to get in and load the grain?

Mr. CRAIG: They pay a berthage charge.

Mr. FORBES: How much is that?

Mr. CRAIG: Fifteen cents per eight hour period—45 cents a day per lineal foot for a working day, half on Sundays and holidays.

Mr. FORBES: Suppose you cannot load the boat and send it out to anchorage. Who pays the wages or salaries while the ship is waiting to get into a berth?

Mr. CRAIG: The shipowner.

Mr. FORBES: Thank you.

The CHAIRMAN: Now let us allow Mr. Watson to finish.

Mr. WATSON (*Assiniboia*): Mr. Chairman again my question relates to these corners. I understand this type of work is done by your stevedores. Is it possible that stevedores, belonging to certain unions, object to using mechanical means to fill these corners so that it would not do away with labourers and, eventually, jobs? Could this be the reason there is not a more efficient way of filling these corners up.

Mr. WHITE: First of all, I am a stevedore, and the man that does the work is a longshoreman, two distinct types of people. The stevedore is the man who tells the longshoreman what to do. However, in this connection we, in Vancouver, have no problems with mechanical devices—absolutely none.

The CHAIRMAN: They are readily adopted by the people concerned?

Mr. WHITE: Yes.

The CHAIRMAN: Mr. Olson is next.

Mr. OLSON: Mr. Chairman, I would like to ask Mr. Riddell one or two questions. He said there was some problem with respect to the inward grades going into the terminals and the export standards that were required to go out. Is this the difference between an official and an unofficial grade? Is this what we are talking about, or are there two different official grades?

Mr. RIDDELL: Mr. Chairman, there is one official grade set down in the Canada Grain Act for the grading of grain delivered by farmers to country elevators. The grain is shipped forward by country elevators on that basis. It is expected, going into the terminal, on the same basis. Then, if you were watching the picture, you saw a meeting of the Board of Grain Commissioners with a committee on western standards. This committee examines the grain from the new crop delivered at the beginning of the crop year and a standard is set up for export on a formula set out in the Canada Grain Act. I think the export standard—Mr. Hamilton can correct me if I am wrong—is 25 per cent of what I was calling the primary grade and 75 per cent of the run of the crop; in other words 25 per cent of the minimum standard and 75 per cent of the average of the crop. You might have, for example, No. 1 Northern. The grade set out in the Canada Grain Act calls for a weight, I think, of about 60 pounds per measured bushel. Actually, the crop might out-turn No. 1 Northern with a weight of 62 or 63 pounds per bushel, in which case the exports standard committee would set up a standard export grade with a weight of, say, somewhere around 62 pounds to a bushel and any No. 1 Northern that came into a terminal elevator on a standard of the primary grade, at 60 pounds, would have to be mixed with a heavier weight wheat in order to pass the export standard. Is that right?

Mr. HAMILTON: Mr. Chairman, maybe I should read the two sections from the act so there will be no mistake. You asked a very good question, Mr. Olson. Parliament, as you know, has laid down statutory grades. Parliament has set this out in the act. Section 26 reads, in part, as follows:

As soon as possible after the 1st day of August in each year the Board shall cause samples to be collected of the grain of the current year's crop of western grain—

Section 27 continues:

When such tentative standard samples have been prepared, and reports on the milling and baking qualities of the tentative standard samples of wheat have been obtained, the Board shall convene a meeting or meetings of the Western Committee, which shall select and settle standard samples of each statutory grade, which samples shall, so far as possible, represent the minimum of each such grade.

This is what the producer is graded against, an absolute minimum for each grade. Then further on in the act, Section 31 says:

Standard export samples. How constituted.

The standard export sample of each of the grades of which such a sample is selected and settled by the Western Committee shall be constituted by mixing three parts of grain equal to the general average of the grain assigned to such grade at the inspection point or points through which the grain delivered as aforesaid has passed, with one part of grain equal to the quality of the standard sample of such grade.

which is the minimum. Three parts of the average and one part of the minimum. So it is a higher standard going out than it is coming in.

Mr. OLSON: I agree. I understand that, Mr. Hamilton, but not all of the details. Is there not a change from year to year in what is acceptable both for the official incoming grade and for the export grade, and are these not co-ordinated so that you do not have this difficulty?

Mr. HAMILTON: We take into account, Mr. Olson, the old crop grain that is still held on farms, in country elevators and terminals; we know it is going to be coming in.

Mr. OLSON: Yes.

Mr. HAMILTON: This is taken into consideration when we establish the new standards. But, there is a real problem with these two different sets of standards because if the country elevators—and they are becoming smarter all the time—ship to the minimum, then it is impossible for the terminal. If everything comes into the terminal at the minimum, it is impossible for the terminal to meet the standard export samples.

Mr. OLSON: Would it be possible for Parliament to change this act? Do you think it would be practical for these standards to be changed, in so far as the inward grade is concerned?

Mr. HAMILTON: We think that this part of the act should have a good going over, and we have a committee in Winnipeg working on this right now.



Mr. OLSON: There was some reason that this was set up in the past, and I am not going to go into all that now. But do you think now, on the basis of your experience, that it would be possible to change this unofficial and this inward grade, taking into account the people who are going to be doing the grading and so on, so that it could be synchronized or co-ordinated a little better, with your port standard requirements?

Mr. HAMILTON: This is a real tough question.

Mr. OLSON: If Parliament is going to do anything practical and useful, they would have to know whether it would work out or not.

Mr. HAMILTON: There is a hardship, I grant you, worked on the terminals at times, but I believe they can live with it at present; this is not a pressing problem.

Mr. OLSON: Thank you. Now, Mr. Riddell, I want to turn my questions, just for a moment, to your duties as transport commissioner. You mentioned that the roads' performance was excellent and outstanding for the whole crop year 1965-66, and I agree with you. What about that period between about September, 1965, up until February, 1966 when there were so many complaints from many places, particularly Southern Alberta? What was wrong at the time, and have we found something whereby that is not going to repeat itself?

Mr. RIDDELL: Mr. Chairman, Mr. Olson is referring to the period in 1965 up to the spring of 1966, when we ran into some real difficulty. Perhaps I can just summarize from a report which I wrote, when I took over the chairmanship of the committee in the Spring of 1966, which I believe will sum up in as few words as possible.

A strike of the Alberta Pool elevator for a period of several weeks during the summer months—that is, of 1965—and delays set down and refusals to accept hot grain at other elevators, left the port with an insufficient supply of grain and store elevators to adequately meet export requirements and to provide for the future programs. As a consequence of this, shipping delays occurred in the early months of the 1965-66 crop season, resulting in increased carry-overs in programs from month to month up to the end of October 1965. At the same time as an increased car supply was required for the Pacific coast to remedy the situation, the railway companies were being required to provide for an increased level of transportation to service Port Churchill, in the case of the C.N.R., and for Lakehead in the case of both the C.N.R. and C.P.R. notwithstanding, a serious effort was made by the railway companies to increase loadings of grain for the Pacific coast toward the end of October and early November. This resulted in a very satisfactory improvement in loadings and unloadings during the month of November, with a corresponding reduction in carry-overs and programs being relieved by the end of that month.

Country loadings and Pacific coast unloadings both decreased somewhat in December from the levels of the previous month, due, in some measure, to cold weather, heavy snowfalls and snowslides in certain areas and the intervening of the holiday season. As a result, the carry-overs in programs at the year-end increased to the highest level of the season up to that time. A continuance of heavy snowfalls in the prairie provinces and mountain regions, along with

extremely low temperatures which decreased the efficiency of motive power further retarded the efforts of the railway companies to effect any improvement during the month of January. The month ended, therefore, with a slight deterioration in both the carry-over and Pacific coast grain stock position as compared with the previous month.

These, I think, were the events leading up to the situation at the time the committee was formed on the 25th of January, 1966.

Mr. OLSON: Taking all of this into account, Mr. Riddell, are we to assume then that if we had a work stoppage at the terminals, for any reason, whether it was a strike in the terminals, of the longshoremen or whatever during the summer, and we had a cold winter, that we would have a repetition of that kind of performance, from October through to the end of January?

Mr. RIDDELL: It is quite possible, except, I would say, Mr. Chairman, with the greatly improved equipment and so on on the railways that it could be avoided to a greater extent than was the case at that particular time.

Mr. OLSON: You mention improvement in equipment. Has that been solely more motor power or what?

Mr. RIDDELL: It has been increased motor power, increased number of boxcars and so on.

Mr. OLSON: Mr. Moen, I think you said something to the effect that you unloading capacity, your grading capacity and your shiploading capacity was substantially different in the number of hours required to move so many tons. You could not write down all the figures as you gave them, but have you made an effort in your terminals to co-ordinate the capacity of these various operations?

Mr. MOEN: I gave you a formula which, I felt, for a committee of your size would eliminate the necessity of copying quite as many figures, in that I said that loading out to one of the better type vessels in eight hours, we could unload enough grain to supply this continuously in 12 hours what we could clean in 2 hours. Now basically, the ships load about eight hours a day, working on Saturdays. We still have the extra capacity of the extra four hours on cleaning to handle the types of grains with problems. We can throw on extra crews by working overtime shifts or by putting on extra shifts for unloading cars, and that is the way we are fluid. We could be unloading for 12 hours just as easily, as long as we kept the grain going out to keep room in the terminals.

Mr. OLSON: Are there any prohibitions against you loading out more than eight hours in a 24-hour day?

Mr. MOEN: There has been a lot of talk about this. I think the figures will quickly tell you that if you tried to load out 16 hours then we would need 4 hours of cleaning. There are not that many hours in a day.

Mr. OLSON: You need 40 hours of cleaning with your present cleaning capacity, but if you increased your cleaning capacity then you would not need 40 hours, would you?

Mr. MOEN: That is right. I think you will have to take a look at the terminals. It would be very, very difficult to put the cleaners in our present facilities.

Mr. OLSON: What I am more keenly interested in is whether you run into difficulties from time to time in respect of one part of your operation not being able to keep up with the other parts?

Mr. MOEN: This can happen. I would say that perhaps it would happen more often if there was a delay in certain grades of grain coming forward that are required for the vessels that are calling. If you get the offgrades to take up the space in your terminal, this will create a bottleneck to having space to handle your grain as it is being unloaded.

Mr. OLSON: I have several other questions but I do not want to monopolize the time of the committee.

I want to ask Mr. Fraine a couple of questions, if I may, with respect to the statement he made about increasing the capacity or utilization of the line. I take it this is probably from Calgary to the port. Is this the area you were talking about, Mr. Fraine?

Mr. FRAINE: Calgary to Vancouver, yes.

Mr. OLSON: I want to be clear. Did you say that you think you have about a 60 per cent increase in the capacity of this line now—that is, when you have the heavy locomotives in operation? On what period are we basing this 60 per cent increase? Is it from mid-1965 or 1964, or when?

Mr. FRAINE: It compares the situation, using the 3,000 horsepower locomotives, as opposed to the 1,600 horsepower locomotives. You can handle a bigger train, therefore you require fewer trains and, therefore, you have unused capacity.

Mr. OLSON: I understand that, but from what date could we take this? Would it be mid-1965? Were you confined to 1,600 horsepower locomotives then?

Mr. FRAINE: We were handling the traffic then with 1,600 horsepower locomotives.

Mr. OLSON: Then from that capacity, up to now, you calculate that you would have about a 60 per cent increase in your capacity to move the grain over that route?

Mr. FRAINE: I would think so.

Mr. OLSON: Mr. Fraine, when do you expect to have the balance of these heavy locomotives operational?

Mr. FRAINE: They were supposed to have been delivered by the end of April. Whether they are going to make that schedule of delivery, I am not sure.

Mr. OLSON: But it will be in 1967?

Mr. FRAINE: Yes sir.

Mr. OLSON: I have just one other point and then I will pass, Mr. Chairman. I am curious about the statement Mr. Fraine made with respect to quotas that you were given advice of at the local elevators, and on the basis of this information coming forward from the wheat board you then attempt to allocate boxcars to accommodate the grain. This is new to me because I was under the impression that quotas, in so far as a local elevator is concerned, were established after there



was space available. Are you suggesting that the Canadian wheat board give you an advance allocation of quotas at the beginning of a year or a period, whether it is one month, three months or whatever it is?

Mr. FRaine: That is right.

Mr. OLSON: I think that is all for now, Mr. Chairman.

The CHAIRMAN: Mr. Hamilton wanted to make a comment on your previous question, Mr. Olson.

Mr. HAMILTON: I would like to give you our position on the question of loading at night. As you are well aware, all inspection in Canada is done on a visual basis, inspectors looking at the grain, and when it is loaded we issue this certificate final which, in effect, is a guarantee by the government of Canada that the grade of the grain will be up to the specifications required. A certificate final means that so far as the government of Canada is concerned, this is the final document. Once you start loading at night—you heard it said that there are no facilities here to unload—if you make a slip, you begin to live a little bit dangerously, so far as we are concerned.

The CHAIRMAN: Before we proceed any further, Mr. Craig wanted to make a comment about the working hours. We were talking about the eight-hour day and I forgot to allow him time to speak. He wanted to do this some time ago.

Mr. CRAIG: Thank you, Mr. Chairman. I was of the impression that one of the speakers was of the opinion that within the port of Vancouver one could only work eight hours a day. I would like to correct that impression. At the present time, due to the extreme congestion in the port because of the labour problem we had in late November and early December, it has not been the habit lately of working overtime, the ordinary working hours being from 8 a.m. to 5 p.m. because all available labour is working during the day. If there is a surplus of day labour we can—I am thinking primarily of loading grain vessels—load in the evening or at night, from 6 to 10 p.m., which is done on rare occasions. The men are good for seven and a half hours but the elevators are good for four. It is not the custom to do this, naturally, because of the excessive charges involved. We can, and it is permissible, on general cargo work until almost midnight, and on grain vessels until 10 o'clock. Again, I say, due to conditions, as they exist today, overtime is not being worked except the one hour, as I believe Mr. Moen has mentioned, from five to six, which would be to finish a vessel to sail for sea. There is one other correction I would like to make. One of the members asked about a berthage charge. I might say the National Harbours Board elevator berthage charge is 10 cents an eight-hour period or 30 cents a day per lineal foot which is considerably less than the 45 cents I mentioned to you, sir, which is the charge at some other terminal. I just wanted to make that clear with regard to NHB charges.

Mr. FORBES: May I ask you one supplementary question. Are we meeting our sales commitments up to the present time? Are we supplying wheat according to our sales orders?

Mr. RIDDELL: Mr. Chairman, at the end of January the carry-over was just slightly above normal. A normal carry-over, due to non-arrival of vessels, is usually between two and a half to three million bushels. I think our wheat

carry-over at the end of January—that is, sales made for delivery in January was not picked up to the extent of about five million bushels. With the smaller program in February, if the vessels arrive to pick up the January-February cargoes, there should be no carry-over by the end of February.

Mr. FORBES: Could you tell us what countries we are slack on?

Mr. RIDDELL: There have been Chinese vessels waiting in the port up to the end of the week because of non-arrival of certain grades, No. 4 and No. 5 wheat, which were required to fill the old contract. But the Chinese finally agreed to permit the loading of new contracts into these vessels in order to despatch them, and the No. 4 and No. 5 wheat will be picked up later.

There is only about one other country, I think, Venezuela has been late in getting her ships in for some wheat that was bought for January delivery.

Mr. FORBES: That means you are losing those sales and as a result have not been able to fulfill these contracts?

Mr. RIDDELL: You do not lose the sale but the delivery is delayed. It may be, of course, for reasons of their own, a buyer may have bought grain in some other market in order to fill a need. That is always a danger. But, in so far as the fulfilling of the contracts is concerned, even if there has been a delay they will be fulfilled.

Mr. CLERMONT: Mr. Chairman, I hope those 65 diesel engines were bought in Canada?

Mr. FRAINE: Yes sir.

The CHAIRMAN: I still have a long list of questioners. We have Mr. Gundlock, Mr. Danforth, Mr. Pugh, Mr. Watson, Mr. Ricard, Mr. Comtois and Mr. Jucker. The time is going so if you can be brief, I would appreciate it.

Mr. GUNDLOCK: I will be very brief, Mr. Chairman. I have a question to Mr. Craig, as an agent. You mentioned, during your introductory remarks, a charge of \$225, I think it was, for berthing or anchorage. Could you tell us approximately what it costs that operator when he anchors for one reason or another. You, as an agent, should know what a round figure cost to the owner of that vessel would be per day.

Mr. CRAIG: It depends on the size of the vessel.

Mr. GUNDLOCK: Suppose it is of average size.

Mr. CRAIG: "Average" is difficult to define these days. We have them in here from 10,000 tons to 35,000 and 36,000 tons. The cost of that vessel to the owner could vary from \$1,500 to \$3,500 a day.

Mr. GUNDLOCK: That cost is to the owner?

Mr. CRAIG: Just sitting doing nothing.

Mr. GUNDLOCK: How long would an owner put up with that?

Mr. CRAIG: The vessels are fixed; they are permitted so many running days to load a cargo, and this is part of the contract of carriage. If he despatches the vessel and the shipper is paid or the charterer is paid despatch, if the vessel is given 10 days to load and it took 20 the owner assesses demurrage, which is

usually twice the rate of despatch. But that demurrage rate never covers his actual cost. You might have demurrage at \$1,500 a day and despatch at \$750. So depending on the size of the vessel, it is still within the realm of possibility that it is costing him another \$1,500 a day to lie idle, waiting for a berth or cargo depending on the circumstances—or, due to a labour problem, where he cannot wait.

Mr. GUNDLOCK: We mentioned this period earlier. I think Mr. Riddell was speaking about it in his report. In respect of these vessels lying off, with demurrage costs, would you, as an agent, tell me how long they would wait. We know that some of them did not wait. How long would they normally wait where would they go, and would you, as an agent, assist them to find another cargo, say, in Seattle.

Mr. CRAIG: There were lots of ships, when we had labour problems here that had general cargo on board for Vancouver that discharged in Puget Sound Columbia River. To my knowledge, there were maybe one or two ships that were fixed for grain that went elsewhere, but the owner was in a position to substitute another vessel when working conditions improved and the ship would not have to stay here for any lengthy period. During this period, speaking personally, I know of a 25,000 ton ship which was in Vancouver for 41 days before it sailed with a cargo of grain. I must admit that during that period, from November 17 to the 21, there was a strike. There was a slowdown from November 22 to 28. Then there was another no work period from November 29 to December 9. That cost that owner a lot of money. As was the case with a lot of these ships, they are on time charter. There were ships taking grain to China that were on time charter to the Chinese government; the Chinese are the disponent owner, and he is paying, maybe a figure of \$3 or \$3.25 per dead-weight ton per month, and if you have a ship of 30,000 tons and you are paying \$3.25 a ton a month, you are paying a lot of dollars per day.

Mr. GUNDLOCK: I would like to continue but I will not. I have one short question for Mr. Fraine. You mentioned, Mr. Fraine, that shipments from southern Alberta mainly go through the Kicking Horse, Calgary, and then you said southern Alberta delivery goes to Golden. Why this?

Mr. FRAINE: It goes through the Crowsnest Pass, sir.

Mr. GUNDLOCK: Yes, and then to Golden, you said.

Mr. FRAINE: That is right.

Mr. GUNDLOCK: Why not on out?

Mr. FRAINE: We can handle it more expeditiously via Golden than we can the other way.

Mr. GUNDLOCK: Then, really, it all goes the same way.

Mr. FRAINE: From Golden west, yes.

Mr. DANFORTH: Mr. Chairman, in view of the lateness of the evening and the number of members who still wish to ask questions, I will make mine very brief because there will be other opportunities in the days ahead to get much of the information that I seek.



One thing that comes to mind is the fact that shipping is a very expensive business, a very complicated business and it is run by hard-headed business men. Now, because of the fact there have been difficulties in the port of Vancouver in shipments of grain—and this is not current; it has extended sometimes over months and a figure of 41 days was given to us as the length of time one ship was tied up—has there been any indication that the rates asked by shipowners for carrying grain to the Orient or anywhere else out of our west coast ports are being raised, have been raised or has a raise been contemplated?

Mr. CRAIG: I trust that you were not thinking of a surcharge being put on the port. That is a nasty word and I will not comment on it. Captain Johnson may wish to. The world charter market for vessels varies considerably. At the present time let us say it is low, that it is a sloppy market, and an owner is not paying a very high rate for his ships. When he hears of lengthy delays in Vancouver, he will do his best to fix his vessel in some other direction with some other type of cargo. This, to my knowledge, is happening at the present time with a couple of owners and this is a pattern that follows. There was a problem with grain ships today, but right now—and Mr. Riddell will bear me out on this—ships are coming in and, in so far as wheat is concerned, are being dispatched at a good rate.

Mr. DANFORTH: This does not quite answer my question. Has there been an increase in rates for grain out of our west coast ports because of the tie-ups?

Mr. CRAIG: No, not to my knowledge.

Mr. DANFORTH: Do you anticipate that there will be one?

Mr. CRAIG: No.

The CHAIRMAN: Captain Johnson would like to make a comment.

Mr. JOHNSON: I think Mr. Craig has answered very well. I was thinking you were speaking of, perhaps, some reports in newspapers just recently about surcharges. If so, this applies to a different type of traffic. This, generally speaking, is a so-called berth or liner traffic—ships which are in a regular trade and come in, more or less, on schedule or on a published itinerary, and I can tell you that no such surcharges are imposed. They were considered but I think it is very unlikely that they will be imposed.

Mr. DANFORTH: Thank you sir. One more question Mr. Chairman, and then I will pass. This question is directed to Mr. Riddell. I was very much interested in Mr. Riddell's thorough explanation of the facilities we have here on the west coast and the way in which they are utilized. But, in Ottawa we are very much alarmed if there are rumours that the grain is not moving; we are very much alarmed if there are rumours that we cannot accept sales to the Orient because we just cannot physically move the grain. Mr. Riddell, you stated that our facilities, which will be, I think, 31 million, if all the new anticipated construction is completed, in your opinion, given the optimum conditions, would be sufficient. But, Mr. Riddell, this is a long-term proposition; you cannot build port facilities or upgrade them in a matter of months. It sometimes takes years. What position would the Canadian government be in if we were asked 18 months from now to increase our shipments out of the west coast by perhaps 80 to 125 million bushels? Where do we stand?

Mr. RIDDELL: Well, of course I was not taking any such proposition into account, that you would be asked to increase the facilities to that extent. But taking normal anticipated business over a period of years, the foreseeable five or six years ahead, I think that the facilities are adequate to handle it. I might have added what I said before, regarding the requirements; so much storage to meet certain emergencies due to lack of railway facilities or lack of vessels coming into port. I have always felt an emergency supply or an emergency reserve of readily available grain of the types that are commonly shipped from the port should be maintained in the interior terminals at Calgary, Edmonton and perhaps Lethbridge, so that if the worst came to the worst, if there was a delay in meeting contracts due to lack of grain in the port, trainloads of the required grain could be shipped forward from these interior terminals.

Mr. DANFORTH: Thank you, Mr. Riddell. I will pass, Mr. Chairman.

Mr. PETERS: Could I ask a supplementary question? If the need to increase the facilities that Mr. Danforth mentioned became a fact, through an increased sale or something of this nature, who would do this? What is our arrangement for increasing terminal capacities? Would this have to be through the National Harbours Board facilities?

Mr. RIDDELL: The National Harbours Board own some of the facilities in the port, which are leased to elevator operators. Other of the facilities are owned by the pool, the United Grain Growers and one of the private companies. The owners of the facilities or the lessees would probably have to arrange for any additional storage or handling facilities which would be required.

Mr. PETERS: The arrangements now are voluntary on the part of everybody but the National Harbours Board?

Mr. RIDDELL: Purely voluntary, yes.

Mr. PUGH: Mr. Chairman, I have a question for Mr. White with regard to this eight-hour day. He mentioned that there could be shifts from six o'clock to ten o'clock at night. Is that on overtime?

Mr. WHITE: Yes.

Mr. PUGH: In other words, there is one series of longshoremen who work on an eight-hour day. There is no such thing as calling in two shifts or even three shifts?

Mr. WHITE: This is rather difficult to explain. The longshore agreement with the shipping federation in respect of the grain—that is, bulk loading—is for three shifts. But, in order to work the elevators three shifts, it is necessary to have government inspectors for three solid shifts; government weighmen for three shifts; government samplers for three shifts. When a shift will work possibly two extra shifts a week, what is going to happen to these government inspectors at that elevator?

Mr. PUGH: I take it that these government inspectors are working over certain period of time if you have longshoremen working from six o'clock to ten o'clock in the evening.

Mr. WHITE: By gentlemen's agreement with the elevators, they will work maximum of four hours at night to help get a ship loaded.

Mr. PUGH: This is not in any form of longshoremen or labour contract?

Mr. WHITE: It has nothing to do with the longshoremen. The longshoremen work from five o'clock at night right up to one-thirty in the morning. This is the second shift. When the elevator people agree to work for four hours, this is the maximum that anyone can expect a man to work. In other words, these men at the elevators are working up to 12 hours a day, and the reason for this is because of the inspection part of it.

Mr. PUGH: I rather gathered from Mr. Moen that you did have only a certain capacity on take-in, and gearing to throw it out. I think I have the answer to my question but I would like to ask Mr. Craig a question on this. Could you give me, with regard to costs of handling the loading ships, the percentage you estimate is put out in overtime.

Mr. CRAIG: That is a difficult question. We are speaking now of grain ships. There are a lot of owners, depending on the market, who wonder whether it is worth it to them to work on a Saturday. To work two belts in an elevator on a Saturday, on a conventional ship, would cost about \$1,100. It would cost \$110 an hour for the elevator and time and a half for the longshoremen. Who is going to pay the \$1,100? A lot of ships, depending on their type of charter, would refuse to work on a Saturday. If you have a ship worth \$3,500 a day, you are not going to let \$1,000 stand in your way to sail a ship on a Saturday rather than a Monday night; so you work on the Saturday to sail Saturday night rather than lay over—there is no Sunday work in British Columbia—and finish on Monday. On grain ships, it is difficult to give the percentage of overtime hours. I would not have that figure. It might be obtained, but I cannot answer the question now. It would be very few.

Mr. PUGH: Do you feel happier, as an agent for owners, to be able to load on normal scale rather than on overtime.

Mr. CRAIG: We recommend overtime if we feel it is going to be of a distinct advantage to the ship. It is common to have in the port of Vancouver, when we are really busy, maybe six, seven or eight ships for the account of the Chinese charterer. They are all on time charter. He is a disponent owner. If you have one ship in Mr. Moen's elevator and another one waiting to get in there, he will work overtime to free the berth for the second ship.

Mr. PUGH: I am getting the picture but I have one more question which you, as an agent, would probably have the answer. Because of the labour troubles and congestion in the port here, for one reason or another—and I do not mean the port labour troubles; it could be a tie-up on trains coming in and that sort of thing—do you think that we are being discriminated against as a port with regard to the type of vessels coming in; in other words, the better type of grain carriers are not coming into this port?

Mr. CRAIG: You say, "a better type of grain carrier". Let me put it this way: a charterer time charters a vessel, he is a disponent owner. He wants an efficient vessel with the most speed, the smallest fuel consumption, at the cheapest rate that he can lay his hands on. Now there are some older vessels among which, once they meet the Port Warden and Department of Agriculture



standards for cleanliness—whether they go five knots or 15 knots does not make a lot of difference; they are all capable of carrying grain—do come in. We do get some real old-timers in here for grain, and we get some of the most modern ships afloat.

Mr. PUGH: We saw four types of ships illustrated. Because it is desirable to have the cheapest loading charges and a capacity to load quickly in order to clear the ship out of port, do you think we are lacking in good types of ships coming here? Are certain ships discriminated against?

Mr. CRAIG: There is no discrimination against ships. The only type of ship that the elevator operators do not like to see around here is a tanker; they are too slow.

Mr. PUGH: Thank you very much.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I am not going to take too much time. A good many of my questions have been answered.

Mr. Craig, you were referring to the 41 days that some of the ships were tied up in the strike last fall. Could you give me the total of the shipowners' demurrage cost in respect of those ships which were sitting in the port of Vancouver last fall when the strike was on? I would like to know the combined total?

Mr. CRAIG: I would hazard a guess at the average cost per vessel. I do not know how good Captain Johnson's memory is with regard to the number of ships waiting for grain during that period. It would average out to a figure of perhaps slightly less than \$2,500 per day per vessel.

Mr. WATSON (*Assiniboia*): How many vessels would there be in the port of Vancouver during this period?

Mr. JOHNSON: We have a rough figure, taken on average, it was about \$75,000 a day for grain ships at one time. I would think that during the 25 days we were tied up here it would have averaged about \$50,000 per day for 25 days.

Mr. WATSON (*Assiniboia*): I will direct my next questions to Mr. Riddell and possibly Mr. Moen, collectively, which pertain to their initial statements regarding the unsatisfactory use of the facilities of the inland elevators, because you do not have the proper type of grain here to load into the ships. How large are the bins at the terminal elevators here?

Mr. MOEN: I think you will find all the details of that in the brochure. They are different sizes, but our large tanks hold 33,000 bushels. We did not say it would not be feasible to have the inland terminals—but I did mention the difference in cost. It does cost roughly six cents a bushel extra on wheat to have it stopped off at a government terminal, cleaned and forwarded on. You have stopover charges; you have extra freight charges that you put onto this, and you have extra labour in handling it. I think that pretty well answers the question.

Mr. WATSON (*Assiniboia*): This brings up another problem. I am going to refer again to the terminal elevator at Moose Jaw which during the period from 1961 to February 28, 1966 received only 895,000 bushels of wheat. The drop-off charges in this same period of time, on that grain would be approximately

\$5,000. How do you justify the fact that in this same period of time there would be roughly \$700,000 paid in wages at this terminal elevator to handle less than 100,000 bushels of wheat, and on the other hand, we are complaining about the stop-off charges of six cents a bushel. These figures do not work out, to my way of thinking. There must be some means by which this could be rectified in the overall plan. I believe one of the gentlemen mentioned the Lethbridge and Calgary elevators, which were closer to the port. Could this not be worked into the Moose Jaw terminal elevator too?

Mr. RIDDELL: Mr. Chairman, you have asked a question but there are certain related factors in connection with it. You mentioned, I think, that the Moose Jaw terminal took in a certain quantity of grain over a certain period, and that it paid out a considerable amount of money in wages. Offsetting these wages, of course, would be the earnings of the terminal for the intaking of that grain and the earnings while it was in storage. That is something that comes under the purview of grain commissioners, and I am sure that the results of that operation are fully covered in their annual reports. The stop-off charge we mentioned is a charge made by the railway company for stopping off grain in transit at one of these interior terminals. I should mention here that the grain which comes from western Saskatchewan and Alberta, through to the Pacific coast, comes through the Crowsnest Pass rate, and the rate from the area in western Saskatchewan to Vancouver is the same. It is the break even point. In other words, they are shipping grain from western Saskatchewan at the point where it is slightly cheaper to ship it under Crowsnest Pass rates to Vancouver than it would be to ship it to Fort William. Actually, in order to maintain quality and to provide the actual requirement of wheat; they do ship wheat from an area in Saskatchewan where it would be slightly cheaper to ship it to Fort William. This is what is known as the three cent and lower differential area. In so far as the stop-off charge is concerned, the railway company makes a charge which was recently increased, I believe, at the 1st of January this year, to five cents per hundred bushels. This is an added cost for stopping off grain at the interior terminals at Calgary, Edmonton and Lethbridge for cleaning in transit. These terminals also give the tariff rate set by the board of grain commissioners, which is two and one-eighths cents per bushel elevation. These charges add up to the extra six cents per bushel, the cost mentioned for stopping off grain for cleaning in transit. I do not know whether I have answered your question but, as I have stated, Mr. Chairman, there are some factors that are unrelated.

Mr. WATSON (*Assiniboia*): I have another question, which I would like to ask Mr. Hamilton.

The CHAIRMAN: Is it a short question?

Mr. WATSON (*Assiniboia*): Yes, a real short one. This pertains to the elevator at Prince Rupert.

Has the contract been let or is it nearly ready to be let for additional construction to the terminal elevator at Prince Rupert?

Mr. HAMILTON: Mr. Chairman, I think I should answer by saying it is nearly ready to be let. New specifications are being drawn up and tenders will be called shortly. No contract has as yet been let.

Mr. WATSON (*Assiniboia*): What is the size and capacity of the elevator? Will the additional capacity provide for another one million or two million bushels?

Mr. HAMILTON: Mr. Chairman, we are after an additional capacity of one million bushels. The elevator is presently just over a million bushels.

Mr. WATSON (*Assiniboia*): Do you feel that it has a large enough capacity to look after any future demands that might be put on the port facilities at Prince Rupert in respect of the shipment of grain, or should we be thinking in terms of a three or four million bushel addition rather than one million bushels.

Mr. RIDDELL: Mr. Chairman, I think the reason for increasing the capacity of the elevator at Prince Rupert is merely to provide sufficient grain to meet the incoming vessels at the time. Right now, with a limited capacity of one million bushels, or slightly over, there are very often times when there is not sufficient grain to completely load a vessel, which results that the vessel has to wait for incoming carloads of grain to be taken into the elevator and cleaned before it can be loaded. That is the reason for the increase of one million bushels.

Prince Rupert has no particular advantage over Vancouver or the other ports. In fact, it has a disadvantage in that for most markets it is slightly out of line. It has a slight advantage in the case of the Japanese market because it is nearer to Japan than Vancouver. It is sometimes possible, provided the grain can be sold for shipment from that one point, from Prince Rupert, for the Japanese or another buyer in that locality to obtain a slightly cheaper freight rate than would be the case from Vancouver.

Mr. WATSON (*Assiniboia*): Mr. Riddell—

The CHAIRMAN: Mr. Watson, you indicated that you had just one short question about six questions ago. I hope you will sum up very quickly.

Mr. WATSON (*Assiniboia*): One further short question, Mr. Chairman. Will you anticipate the elevator will be completed?

Mr. HAMILTON: We hope it will be ready to take grain in 1968.

Mr. RICARD: I have just one or two short questions. Coming from the elevator and therefore, not knowing too much about grain and wheat you may think my questions somewhat out of line, but I wish to ask them just the same. Since we are in competition with other countries, does our wheat compare favourably with theirs?

Mr. HAMILTON: Mr. Chairman, I think I would answer this way. The top grades of Canadian grain are almost specialty grains in the world market. I think that the top two or three grades we have are better than those of our competitors.

Mr. RICARD: With regard to the cleaning facilities here at the port, from the standpoint of practicability and also efficiency, are you equipped as well as they are in the United States and other countries?

Mr. HAMILTON: I have no hesitation in answering that our Canadian cleaning facilities are second to none. They are the best in the world.



(translation)

Mr. COMTOIS: Mr. Chairman, I merely want to know what the background of grain movement represents from the point of view of dollars and cents starting from the farmer through the railway, elevator, and transport to foreign countries. And at the same time, I would like to know who receives the government subsidies all along the line.

(English)

The CHAIRMAN: You said that was a short question. We will give you a short answer, it will be prepared for the next meeting. That is a long question and, necessarily, the answer would be quite detailed. It would be difficult to provide a full answer at this stage.

(translation)

Mr. COMTOIS: Mr. Chairman, could we perhaps have a brief view into each stage of the proceedings, and of what each stage represents in dollars and cents? On average, maybe?

(English)

Mr. RIDDELL: Mr. Chairman, generally when we are talking about the volume of wheat at the ports, it is usually computed on a basis of about \$2 per bushel at the port. So if you ship 200 million bushels of wheat out of this port, the value would be in the neighbourhood of \$400 million.

(translation)

Mr. COMTOIS: In regard to the \$2, how much does the farmer get? How much does the railway get? And how much does the elevator get?

(English)

The CHAIRMAN: I think you will find that fairly well outlined in the summary that was prepared for us in Ottawa before we left. Mr. Hamilton will be able to give a quick breakdown.

Mr. HAMILTON: Mr. Chairman, I would like to make available this publication put out by the board of grain commissioners, which gives a breakdown of cost, interior handlings, rail freights, seaboard "F.O.B.-ing" and ocean transportation for each of the export ports in Canada.

The CHAIRMAN: Do you wish to have that printed as an appendix, Mr. Comtois?

Mr. COMTOIS: Yes.

The CHAIRMAN: Is the committee agreed?

Some hon. MEMBERS: Agreed.

Mr. TUCKER: Mr. Chairman, what was the total value for wheat sales in 1966?

The CHAIRMAN: All wheat sales in Canada?

Mr. TUCKER: Yes.

Mr. HAMILTON: Mr. Chairman, the total wheat export sales were 503,446,000 bushels for the 1966 calendar year.

Mr. TUCKER: I am not too sure to whom I should direct this short question, but I will direct it to Mr. Hamilton. If I remember correctly, a few years ago a shipment or two of our wheat went to the market, containing glass. What effect has this glass upon a shipment when it reaches its destination?

Mr. HAMILTON: This was the story of the broken bottles in the grain that left eastern Canada?

Mr. TUCKER: Yes.

Mr. HAMILTON: There was never an official complaint lodged by the importing country, which happened to be Russia. There was no official complaint lodged. They just drew it to our attention. They were disturbed. Their representative was standing on the dock; he saw a couple of beer bottles tossed in, and it got a big play in the papers. It was serious, certainly, but really not as serious as you would take it, from reading the papers. Probably there were half a dozen beer bottles involved; two or three of them broken and two or three of them not broken.

Mr. TUCKER: Has it happened since then?

Mr. HAMILTON: No, not such a case, although glass in grain is a continuing problem. There is lots of glass in grain and it comes from farmer's windows; birds flying through the bins in country elevators, and so on. It is a continuing problem.

Mr. TUCKER: Thank you.

The CHAIRMAN: I want to thank everyone for coming here tonight.

Mr. PETERS: Before we close, could I ask one question of Mr. Moen. When you are shipping four or five grades of grain and you have a grade left over that you do not sell, how do you get rid of that bottleneck?

Mr. MOEN: Some of these grades stay in the elevators for long periods. The board of grain commissioners told you that you cannot mix the top four grades of wheat. They must go out as they are graded in. If we have lower grades of grain this can be manufactured and sold to the best advantage. I am speaking of rejected grades, Nos. 5 and 6. You should see the numerous grades that the wheat board has to contend with, and this is the number of grades that we get delivered here to the terminals, although sometimes it is only one car in a year. There could be as many as 300 or 400 grades of wheat in a year. Many of the grades have to be manufactured into a saleable commodity. Sometimes they have to be sold only for feed.

There is a ready market for screenings all the time. Screenings is a by-product of cleaning, and they vary with the competition, the supply and demand of other types of feed.

Mr. Chairman, I would like to make one addition, if I could at this time because I believe I neglected to give you the proper information. I have forgotten the man that asked me. He was talking about improvements that could be made in the terminals to handle greater volume and this type of thing. One of the things I neglected to say was this. When you read this brochure, you will see that the Alberta Wheat Pool has a 1120 foot dock. It was printed some years ago, and

we have had some reprints of it. They are talking about a three-berth dock. I do not know how many years it is since we have had three vessels in that berth at the time. Vessels have become larger. We have times now when we can only put one vessel in this berth because there is no other vessel of a proper size that will fit alongside of this one. If one vessel is 750 feet long, you cannot put a 500 foot one in the area that is left over.

At one time we thought we had real deep water when we had 35 feet; now they want 45 and 50 feet. I do not know how high they are going. This is something that all the terminals are continually working on and improving. It requires, for vessels that are wider, either gantries that will put the grain farther out, to reach those bins that are on the vessels farther away from the loading galleries, or higher galleries so you can use gravity to pour the grain farther out. All terminals are working continuously to keep their port facilities up to date in this regard.

There is one further thing I wanted to mention, Mr. Chairman. When making your trip to the terminals tomorrow, all three terminals will supply you with clean jackets to put over your good clothes. There is some dust at these places—it is never perfect—but you will not find it too obnoxious. Also, if you want to bring your interpreters along with you, this is quite in order, it is a common thing to have ladies going through our terminals. Some of the terminals may have somebody who is bilingual. We will have one at our terminal, if he is not sick. Perhaps you should check because some of the elevators may not have these people to explain the operations at the terminal. It may be a better arrangement to have your own members mixed in so that the interpretation could be provided from other people on your committee.

The CHAIRMAN: I think this can be arranged. I want to thank, on behalf of the committee, Captain Johnson and his executive assistant, Mr. Pickering, for arranging to have such capable witnesses appear before us tonight. It certainly has been appreciated. We have had a very informative meeting. Captain Johnson, did you want to say something about the trip tomorrow?

Mr. JOHNSON: No, Mr. Chairman. I think you have been given a broad outline of the tour. You will be picked up by one bus here at 8.30 a.m. You will have a tour conductor. Mr. Pickering will look after you during the first portion of the tour. Mr. Pickering will change horses; he is going to look after the Japanese after that, and Mr. Carlyle will take over. He will make sure you are picked up at your respective elevators and taken out to the Royal Vancouver Yacht Club for lunch. I think I mentioned before that Mr. Duncan, a member of the National Harbours Board, will be your host there.

The CHAIRMAN: Thank you. The meeting is adjourned.



## APPENDIX I

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THE CANADIAN WHEAT BOARD:  
ORDERLY MARKETING OF CANADIAN GRAIN

The Canadian Wheat Board is a federal regulatory agency responsible for the "marketing in an orderly manner, in interprovincial and export trade, grain grown in Canada". The board has wide statutory powers to control all sales and movement of Canadian wheat and wheat products in interprovincial trade and export<sup>1</sup>. These powers may be extended wholly or in part to oats and barley by the Governor-in-Council. (The powers can also be extended to rye, flaxseed and rapeseed, though these powers are largely unused.) Currently, the board administers the Canadian Wheat Board Act 1935 (RSC 1952 ch. 44 as amended), through regulation number SOR/66-330 (CANADA GAZETTE PART II 1966, p. 949). In addition there are a number of other regulations setting the annual price structure, initial payments and adjustment and distribution of final receipts to producers. The board does not own any property, elevators or railway stock other than an office building and equipment worth 4½ million. It is decentralized from the federal government at Ottawa, with headquarters in Winnipeg. However, by statute it is required to report monthly or oftener, in detail, to the Minister. An annual report is presented to Parliament.

The Board has been part of the export trade responsibilities of the Minister of Trade and Commerce since its inception in 1935 (SC 1935 c53) except for the periods 1960-63 and Feb.-Oct. 1966. Since November 1966 Minister of Trade and Commerce Robert Winters has assumed this responsibility with Bruce S. Bee acting as Parliamentary Secretary in relation to Canadian Wheat Board matters.

Grain Standards regulation and Canadian Government terminal elevator are administered by the Board of Grain Commissioners for Canada under the Canada Grain Act (RSC 1952 chs. 25 and 308 and amendments) through regulation number SOR/66-382.

The powers of the Canadian Wheat Board are included within the general power of Parliament for "regulation of trade in matters of interprovincial concern and . . . general regulation of trade affecting the whole Dominion"<sup>2</sup>. A well, mills and warehouses are listed in a schedule to the Act, as works declared to be for the "general advantage of Canada" and thereby subject to federal regulation under section 91 of the British North America Act<sup>3</sup>.

The board borrows all its capital, guaranteed by the government, from chartered banks. With this, it buys grain at a set minimum price according to quota and grade policy set by the board and/or the Governor-in Council. At the end of a crop year (July 31) the surplus received by the board through sales

<sup>1</sup> This is a monopoly power which Parliament must renew periodically, usually every 5 years. The current powers expire August 1967.

<sup>2</sup> Bora Laskin. *Canadian Constitutional Law*. Toronto, Carswell, 1966, p. 303.

<sup>3</sup> Laskin, pp. 357-70.

wheat is distributed to the producing farmers according to amount and grade supplied, less administration costs of the board. The producer pays 100 per cent the administrative costs of the board, charged against the proceeds of the sale and deducted from the proceeds before final disposition is made to the producer. The producer also bears any handling, shipping or bank interest charges that the board may incur, charged against the final payment.

The Canadian producing farmer receives no direct subsidies but two federal programs assist him indirectly. To support the requirements of a surplus for wheat export trade, all amounts in excess of 178 million bushels stored in the elevators are paid for by the federal government under the Temporary Wheat Reserves Act. Transportation costs are reduced to the farmer on grain for export under the Crows' Nest Pass agreement, under a more general federal subsidy to the railroad companies to make up for such losses.

The initial payment producing farmers receive is in effect a "bank loan" towards final sale of the wheat effective at the end of the crop year, July 31. The "loan" is guaranteed by the government and administered by the Canadian Wheat Board, interest payments being shared by all producers. Surplus wheat is sold to meet export requirements and costs are also shared by all producers. The cost of freight to Port Arthur-Fort William and the handling charges of the country elevator are deducted from the initial payment, which in 1966-67 is \$1.50 per bushel for No. 1 Manitoba Northern.

Such costs may reduce actual cash received by the producer to somewhere in the range of \$1.20-\$1.35 per bushel for export wheat and \$0.90-\$1.10 for non-export wheat. (Two-thirds of the 1964-65 crop was exported).

Each producing farmer receives annually a permit book which must be presented when the wheat is brought to the local country elevator. Each wheat sale other than grain sale must be entered in this permit book unless the wheat is for consumption within the province. Each permit book contains the registered acreage owned by the producer, and a maximum delivery of bushels per acre is set by the board. By this means the board attempts a rough equality between producers taking into consideration adjustments required by special demands as the season progresses.

The wheat is graded on delivery to the country elevator and the farmer paid the initial price less dockage, handling and freight charges.

The board is informed of supply at each country elevator and issues orders for shipping to the private elevator companies. They in turn notify a local elevator agent who then places an order for a railroad car with the local railway agent. Meantime, the board has given the railway companies an assessment of the overall requirements for grain shipments to the Lakehead or to Vancouver, as well as information on all shipping orders. The board is notified by the elevator company whenever the grain is placed in storage at the terminal. This procedure is carried on during the crop year to ensure a constant supply of the various types and grades of grain at terminal positions to meet requirements in relation to indicated demand.

The marketing policy of the board derives from a survey of the world export situation and of the needs of eastern Canada. The board regulates, under

the quota and pricing policy, all the wheat moving to these areas from the prairie provinces. Production of wheat for local uses in these provinces and British Columbia is sufficient for local needs with the result that no imports of wheat take place, hence no federal regulation. Oats and barley are sold at daily cash prices quoted by the board, or on the basis of exchange of futures concluded through the facilities of the Winnipeg Grain Exchange. The board does not control the movement of the grains beyond the Port Arthur-Fort William and Vancouver terminal points. It does strictly licence all exports of grains from any point in Canada.

The Canadian Wheat Board maintains sales offices abroad (London, Brussels and Tokyo) and sends representatives to many countries. It actively pursues export sales, with the co-operation of the Department of Trade and Commerce. It assists purchasing countries to arrange special terms with the Canadian government. The international sales operations are maintained under the terms of the International Wheat Agreement.

### *The First Canadian Wheat Board:*

The marketing of grain from the Canadian prairie provinces was a virtual monopoly situation by the year 1900. This monopoly consisted of a few elevator owners and the railroads: the railroads had sole determination over the choice of a local elevator in which grain would be stored prior to shipment on the railroad. In this way the producing farmers were at the mercy of not only a single means of transportation, but were captives of a single elevator company as well. This situation became especially critical as wheat production increased to become within a few years a major segment of the Canadian economy. It replaced the fur trade as the West's dominant product<sup>1</sup>.

Average yearly production of wheat in Canada rose from 22.3 million bushels in the 1871-75 period to 54.2 million bushels in the 1896-1900 period. A large share of this resulted from the completion of the Canadian Pacific Railroad in 1886 and the resultant opening of the West. The first prairie wheat was shipped to Eastern Canada from the Lakehead in 1884. As the century closed the agricultural depression began to lift under this impetus and wheat prices improved. In the next ten years wheat production more than doubled. By 1916 Canada could produce nearly 400 million bushels of wheat in a single year. The average yearly production by 1921-25 was 340 million bushels of wheat.

These first twenty years of large scale grain production laid the framework for federal control of grain production and marketing as it exists today. Because of the abuses of the "elevator monopoly" pressure groups were formed to protect

<sup>1</sup> For more detail see:—

R. D. Colquhoun. *THE FIRST FIFTY YEARS: A history of United Grain Growers, Limited*. Winnipeg. Public Press, 1957.

L. D. Nesbitt. *TIDES IN THE WEST: A Wheat Pool History*. Saskatoon. Modern Press 1962 (?).

V. C. Fowke. *THE NATIONAL POLICY AND THE WHEAT ECONOMY*. Toronto University Press, 1957.

P. F. Sharp. *THE AGRARIAN REVOLT IN WESTERN CANADA*. Minneapolis. University of Minnesota Press, 1948.



the producing farmers. Their first federal success was the Manitoba Grain Act, 1900. "The opening of competition reduced the power of the elevator monopoly and gave farmers new marketing opportunities. It was from this date that Western farmers moved quickly forward, first to ownership of their own commission firm, later to the construction of their own elevators and finally to the establishment of their own marketing organization through the Wheat Pools. Passage of the Manitoba Grain Act and its amendment was the opening word in the long struggle for orderly marketing".

The first Canadian Wheat Board was formed by Order in Council, on July 1, 1919, PC 1589 as amended 7 August 1919, PC 1659 and 18 August 1919, PC 1741. The powers of the Board were extended for eighteen months by an act of Parliament passed 10 November 1919 (1919 (2nd session) c9.).

The first Canadian Wheat Board Act was assented to 1st July 1920 (1920 c. 10). The powers of the Board over grain marketing were somewhat wider than today but lacked the elements of compulsory quotas and rigid controls over export-import of all wheat and wheat products from the prairie-province designated area. The Wheat Board of 1919-1920 had been a response to the speculative conditions of wheat demand in Europe, following the Kaiser war. As such proved effective in meeting the crisis, but strong pressure from the Grain Exchange and other interests resulted in a return to the former market system. Producing farmers were slow to realize the benefits of the new system, and by the time they did put their support behind the board, it was too late. It took various Western agricultural pressure groups until 1935 to regain this lost ground.

The 1935 Act is the founding legislation for the present Canadian Wheat Board. At first it exerted influence over marketing of wheat by a voluntary subscription of producers to its controls. During World War II a compulsory factor was introduced (order-in-council September 28, 1943) into the marketing of wheat and this was embodied in a 1947 amendment to the Canadian Wheat Board Act. The compulsory or monopoly feature must be renewed by Parliament periodically. The Board itself is appointed during good behaviour with its purpose remaining intact under the statute although its monopoly power must be renewed.

Since 1949, the Governor-in-Council has been able to place all grains produced in Canada under the compulsory inter-provincial or export trade marketing regulations of the Canadian Wheat Board. This power has been consistently used for oats and barley (and for rye, flaxseed and rapeseed, little at all).

## PRODUCTION AND DISPOSITION OF CANADIAN GRAIN

Canadian production of wheat, oats and barley in 1965 totaled 1,278,429,000 bushels with each crop being in greater volume than was produced in the previous year. Of this amount 1,106,000,000 bushels or almost 87 per cent was

<sup>1</sup> Saskatchewan Wheat Pool. TWENTY FIVE YEARS OF ORDERLY WHEAT MARKETING. Regina 1960, p. 3.

produced in the three Prairie provinces included in the designated area of the Canadian Wheat Board Act. In the Prairie provinces production of spring wheat, oats, barley, rye, flaxseed and rapeseed was 1,172,300,000 bushels in 1965. Wheat, oats and barley constituted about 94 per cent of that production, with the other three grains making up approximately the remaining 6 per cent.<sup>1</sup>

In Manitoba, Saskatchewan and Alberta a significant proportion of commercial farms derive a large part of their sales receipts from wheat and other grains. According to 1961 Census data on commercial farms in Manitoba, about 27 per cent of 9,199 out of a total number of 33,522 obtain 51 per cent or more of total sales from wheat. Another 29 per cent or 9,580 obtain a similar volume of sales from small grains including wheat and from other field crops. In Saskatchewan, with 82,285 commercial farms, 55,660 or 68 per cent are classified as wheat farms, and 11,758 or 14 per cent are classified as small grain and field crop combination farms. In Alberta, with 58,698 commercial farms, 12,021 or 20 per cent are wheat farms, and 11,006 or 19 per cent are small grain and field crop combination farms.<sup>2 3 4</sup>

The proportion of farm cash receipts obtained from wheat, oats and barley, rye, flaxseed and rapeseed in each of the Prairie provinces varies with the distribution of farm type. During 1965, in the province of Manitoba, wheat contributed \$110,812,000 or 33 per cent of the \$337,392,000 cash receipts obtained from farming operations. Oats and barley contributed \$23,869,000 or 7 per cent. Rye, flaxseed and rapeseed together contributed \$30,134,000 or 9 per cent of those cash receipts.

In Saskatchewan, the portions of 878,940,000 cash receipts from farming operations derived respectively from wheat, oats and barley, rye, flaxseed and rapeseed were 598,764,000 or 68 per cent, 47,893,000 or 5 per cent, and 27,490,000 or 3 per cent. In Alberta, with cash receipts from farming operations of 650,563,000, the portions derived respectively from wheat, oats and barley, rye, flaxseed and rapeseed were 200,902,000 or 31 per cent, 57,881,000 or 9 per cent, and 83,516,000 or 13 per cent.<sup>5</sup> These figures indicate the significance of these grains to the farmers and to the organizations involved in marketing.

The supply and disposition of Canadian wheat from the crop year 1960-61 to the present is outlined in Table 1 on the following page. Production during the last four years has reached an all time high, with the largest crop in Canadian history being harvested in the current crop year. Large exports during 1963-64 and 1965-66 have contributed to reduce the carryover at July 31, 1966 to an estimated 422.9 million bushels which is the lowest in four years and lower than the 10-year average (1955-1964) of 562,991,000 bushels. Of the total disposition of 546.9 million bushels of wheat during 1964-65, 399.6 million bushels or 73 per

<sup>1</sup> *The Wheat Review* 37(2):8, September 1966.

<sup>2</sup> Canada. Bureau of Statistics. *1961 Census of Canada. Agriculture. Manitoba. Bulletin 5.3-1.* Ottawa, Queen's Printer, 1963. p. 15-1.

<sup>3</sup> *1961 Census of Canada. Agriculture. Saskatchewan. Bulletin 5.3-2.* Ottawa, Queen's Printer, 1963. p. 15-1.

<sup>4</sup> *1961 Census of Canada. Agriculture. Alberta. Bulletin 5.3-3.* Ottawa, Queen's Printer, 1963. p. 15-1.

<sup>5</sup> Canada. Bureau of Statistics. *Farm Cash Receipts*, vols. 26 (4) 27 (1). Ottawa, Queen's Printer, 1966. p. 6.

ent was exported. Exports of wheat and wheat flour in 1965 contributed \$906,580,000 or about 10 per cent of Canada's total domestic exports of \$8,522,-53,000. Distribution of wheat exports by countries of final destination is outlined in Appendix A. Asian countries, particularly Mainland China and Japan, have been taking increasing quantities of wheat and in 1964-65 took slightly more than all the western European countries of which Britain and the Federal Republic of Germany have been the leading importing countries.

TABLE 1

TOTAL SUPPLY AND DISPOSITION OF CANADIAN WHEAT 1960-61-1965-66 AND ESTIMATED SUPPLY, 1966-67  
(Crop Years August 1 - July 31)

Item	1960-61	1961-62	1962-63	1963-64	1964-65 <sup>(1)</sup>	1965-66 <sup>(1)</sup>	1966-67 <sup>(2)</sup>
million bushels							
<i>Supplies</i>							
Carryover, at beginning of crop year.....	599.6	607.8	391.1	487.2	459.4	513.0	422.9
Production.....	518.4	283.4	565.6	723.4	600.4	648.9	799.8 <sup>(3)</sup>
Imports wheat and flour.....	(4)	(4)	(4)	(4)	(4)	(4)	
Totals.....	1,118.0	891.2	956.6	1,210.7	1,059.9	1,161.9	1,222.8 <sup>(3)</sup>
<i>Disposition</i>							
Exports wheat and flour.....	353.2	358.0	331.4	594.5	399.6	582.8	
Human consumption.....	56.3	58.9	53.0	59.1	57.5	58.8	
Seed.....	35.9	37.7	39.1	42.1	40.0	41.9	
Industrial use.....	1.5	1.5	1.5	1.5	1.9	1.9 <sup>(5)</sup>	
Carryover, at end of crop year.....	607.8	391.1	487.2	459.4	513.0	422.9	
Residual item <sup>(6)</sup> .....	63.2	44.0	44.4	54.0	47.8	53.6	
Totals.....	1,118.0	891.2	956.6	1,210.7	1,059.9	1,161.9	

- (1) Revised.  
 (2) Subject to further revision pending receipt of Board of Grain Commissioners final data on commercial stocks at July 31, 1966.  
 (3) Based on conditions as at August 15 and subject to revision as later estimates become available.  
 (4) Less than 50,000 bushels.  
 (5) Estimated.  
 (6) Includes feed for livestock and waste but also reflects the effect of any estimating errors in other components of the balance sheet.

SOURCE: *The Wheat Review* 37(1): 3, August 1966.

The prospects for continuing substantial exports of Canadian wheat appear to be good. The Wheat Review states the prospects as follows. "Summing up the prospects to 1970 for Canadian wheat and flour exports, the developed countries offer an increasingly competitive market for as much as 220 million bushels; the developing countries offer us 70 million bushels, including the larger food aid commitments; Mainland China seems likely to take 90 million bushels; the western European countries may account for 35 million bushels, and the U.S.S.R. for 112 million during each of the next three years. Thus, an annual volume of wheat exports between 475 and 550 million bushels is likely until 1970". Considering the rate of population increase in less developed countries, Dr. Merril W. Menzies foresees an even greater demand for our wheat. His views are detailed in the item Wheat and Flour, *Winnipeg Free Press*, January 18, 1967 shown in Appendix "B". According to the research director of Searle Grain Company, W. G. Malaher, the marketing situation seems to exist. "At a time when world use of wheat is



showing a steady increase and when shipments from the North American continent are particularly buoyant, it is not difficult to become enthusiastic about future wheat sales.

"At a time when world use of wheat is showing steady increase and when shipments from the North American Continent are particularly buoyant, it is not difficult to become enthusiastic about future wheat sales.

Some, in fact, think North American wheat surpluses may be a thing of the past.

Such an assumption might be dangerous...but certainly all the known facts point in the same direction: the ultimate need to grow and to move abroad more wheat than is being produced at the present time."<sup>6</sup>

Further comment on Canada's wheat export prospects is given in Appendix "B".

### INTERNATIONAL WHEAT AGREEMENT

International commodity agreements represent an attempt through concerted international action to mitigate the adverse effects upon trade in primary commodities from such difficulties as a persistent imbalance between production and consumption, burdensome stock accumulation and pronounced fluctuation in price.

The International Wheat Agreement (I.W.A.) represents such an attempt in wheat. The disruption of prices during the 1930's prevented the success of the first agreement in 1933. However in 1942, in the face of expected post-war needs a number of countries, including Canada, signed a protocol which provided for a post-war international wheat conference and established an International Wheat Council to review the wheat situation. After the war, a series of wheat conference was held culminating with the I.W.A. of 1949. The member exporting countries undertook to sell to member importing countries a guaranteed quantity of wheat each year at prices not higher than a specified maximum. Each participating importing country undertook to buy from participating exporting countries on demand a guaranteed quantity at prices not lower than a specified minimum. This agreement was renewed in 1953 and 1956.

Under the 1959 and 1962 wheat agreements the concept of guaranteed quantities was abandoned. Importing countries thereafter agreed to import a stated percentage of their total commercial imports of wheat from member countries, while the exporting countries collectively agreed to supply all the commercial requirements of the importing countries. Again, minimum and maximum prices were established. The 1962 agreement was to have lapsed on July 31, 1966 but it was extended, by protocol, without amendment to July 31, 1966 and again until July 31, 1967.

The minimum and maximum prices established under successive agreements are as shown in the following table. All prices are in Canadian currency per

<sup>6</sup> Wheat-production brake not welcome in Canada. *Financial Post*, January 8, 1966 (see Appendix "B").

bushel at the parity for the Canadian dollar as at March 1, 1949 (Can. \$1.00 = U.S. \$1.00) for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur.

	Minimum	Maximum
1949 .....	\$1.50	\$1.80
1950 .....	\$1.40	\$1.80
1951 .....	\$1.30	\$1.80
1952 .....	\$1.20	\$1.80
1953 .....	\$1.55	\$2.05
1956 .....	\$1.50	\$2.00
1959 .....	\$1.50	\$1.90
1962 .....	\$1.62 $\frac{1}{2}$	\$1.02 $\frac{1}{2}$

Because of the devaluation of the Canadian dollar since 1949, the prices of the 1962 agreement in terms of 1966 dollars is approximately \$1.78 (minimum) and \$2.18 (maximum).

The agreement has been postponed without change in the past two years in view of the current Kennedy Round of tariff negotiations held under the General Agreement on Tariffs and Trade (GATT). It is hoped that the I.W.A. would be used as a model for broader agreements which would include other cereals. The Kennedy Round of tariff negotiations expires on June 30, 1967. The Canadian government is reported to be pressing for a new agreement which would raise the maximum prices from \$2.18 to \$2.50<sup>1</sup>.

Mr. McNamara, Chief Commissioner of the C.W.B., told the Committee on Agriculture, Forestry and Rural Development on June 7, 1966 that he was not so hopeful of success for the current Kennedy Round negotiations. He expressed the fear that Canada "might run into a void period where we will have no international wheat agreement at all if we allow the I.W.A. to expire on July 31, 1967"<sup>2</sup>

### GENERAL COMMENTS ON THE CANADIAN WHEAT BOARD

There have been very few criticisms leveled against the C.W.B. In general, the Canadian grain producer has been satisfied with the marketing facilities of the C.W.B. However, a few points have been raised which should be further pursued by the Committee.

1.—Prof. D. R. Campbell has reported that "Some foreign observers have commented that the C.W.B. has been so pre-occupied with its job of selling wheat, in which it has been highly successful, that it has tended to neglect barley. What they term "The Wheat Board Mystique" does not extend to barley"<sup>3</sup>.

<sup>1</sup> OTTAWA JOURNAL. December 15, 1966.

<sup>2</sup> CANADA. House of Commons. First Session. Twenty-seventh Parliament. *Standing Committee on Agriculture, Forestry and Rural Development*. Minutes of Proceedings and Evidence. No. 13. June 7, 1966, page 397.

<sup>3</sup> D. R. Campbell, *Conference on International Trade and Canadian Agriculture*. Banff, Alberta. Queen's Printer, Ottawa, 1966, p. 429.

2.—The Canadian Federation of Agriculture has for many years passed resolutions demanding that flax, rye and rapeseed be included under the jurisdiction of the C.W.B. It has been argued that marketing would be difficult because of the nature of these products, especially flaxseed and rapeseed. However, the C.W.B. has stated that it would accept the marketing of these products if Parliament would give them the responsibility.<sup>1</sup> The C.W.B. should take the initiative in demanding that the marketing of rye, flaxseed and rapeseed be made compulsory through the C.W.B.

3.—The proceeds from the adjustment of overages and shortages are paid to the elevator companies. We would expect, if these were honest errors that overages and shortages would cancel each other out over a period of years. However this is not the case. There has consistently been overages in favour of the elevator companies. These are sold to the C.W.B. and the proceeds go to the elevator companies when, in fact, the wheat belongs to the producer. Furthermore, the producer pays the storage charges on this wheat. Over the last five years the amount of overages has been significant:

## OVERAGES AT COUNTRY AND TERMINAL ELEVATORS

Crop Year	Bushels	Amount
1960-61 .....	2,315,000	\$3,079,000
1961-62 .....	2,418,000	3,494,000
1962-63 .....	1,267,000	1,802,000
1963-64 .....	1,062,000	1,420,000
1964-65 .....	1,802,000	2,582,000
<hr/>		
Total .....	8,864,000	\$12,377,000

Something has to be done in order to remedy a situation whereby the prairie farmers have lost more than \$12 million over the last five years. It is true, that a part of these proceeds are returned to the farmers when the elevator company is farmer-owned. However, a significant amount must be returned to private grain companies.

4.—If the C.W.B. is given responsibility for flax, rye and rapeseed, then there would be no need for using the Winnipeg Grain Exchange's quotation for setting the prices on these products. The use of the futures market especially in flax and rapeseed is for the protection of the oil extracting companies, not for the benefit of the producers. Every time an oil extracting company makes a profit on its hedging operations in the futures market it is at the expense of the farmer. The marketing of these seeds through the C.W.B. would permit orderly marketing. Speculation in a grain exchange is very seldom to the benefit of the farmer.

<sup>1</sup> House of Commons. *Committee on Agriculture, Forestry and Rural Development*. June 1966. p. 390-391.



5.—Mr. McNamara stated during his last appearance before the Committee that the longshoremen's strike in Montreal last summer would have long lasting effect on Canada's exports and that it would "require a number of years of excellent performance before the confidence of the buyer in Canada's ability to deliver grain is restored".<sup>1</sup> Is he still of the same opinion? How much did the C.W.B. have to pay in demurrage charges because of strikes last year?

6.—Will the proposed Canadian Livestock Feed Board conflict with the operations of the C.W.B.? What will be its effect on prices paid to western coarse grain producers?

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<sup>1</sup>House of Commons. *Committee on Agriculture, Forestry and Rural Development*. June 7, 1966, p. 389.

## SUB-APPENDIX A

EXPORT CLEARANCES OF CANADIAN WHEAT  
BY COUNTRIES OF FINAL DESTINATION

## DOMINION BUREAU OF STATISTICS

TABLE 104. Export Clearances<sup>1</sup> of Canadian Wheat<sup>2</sup> by Countries of Final Destination,  
Crop Years 1960-61 to 1964-65

Destination	1960-61	1961-62	1962-63	1963-64	1964-65
bushels					
Western Europe:					
EEC:					
Belgium and Luxembourg	12,167,952	11,458,169	9,980,670	15,495,773	15,528,016
France	9,802,903	1,035,969	6,877,184	4,883,596	5,552,755
Germany, Federal Republic	32,979,004	43,941,308	27,900,651	37,276,899	20,503,769
Italy	14,932,951	3,876,033	4,915,154	3,874,510	3,914,715
Netherlands	6,625,169	3,597,140	4,749,124	3,193,778	3,409,851
Sub-totals	76,607,979	63,910,619	54,512,783	64,724,556	48,914,105
Other Western Europe:					
Austria	1,529,411	1,626,021	1,554,304	1,191,031	1,660,293
Britain	78,616,245	73,704,414	77,495,478	78,955,252	70,390,834
Denmark	—	11,200	22,624	20,543	—
Finland	429,284	2,456,002	1,681,491	726,133	343,467
Greece	22,400	—	10	—	—
Ireland	3,413,425	2,318,131	3,470,394	2,235,333	2,223,831
Malta and Gozo	1,198,699	1,237,867	1,094,987	1,545,560	979,885
Norway	3,301,427	1,728,869	1,827,543	1,702,670	1,601,120
Portugal	91,333	—	—	410,667	—
Sweden	18,667	30,053	168,933	22,400	67,200
Switzerland	7,315,964	8,033,214	2,960,572	8,071,937	3,919,093
Sub-totals	95,948,855	91,145,801	90,276,336	94,881,526	81,185,723
Totals	172,556,834	155,056,420	144,789,119	159,606,082	130,099,828
Other Europe:					
Albania	2,354,800	2,101,643	—	3,696,468	5,025,011
Bulgaria	—	—	—	9,551,989	5,752,833
Czechoslovakia	12,138,608	—	4,393,895	28,661,587	26,244,851
Germany, East	1,918,075	8,040,229	—	14,473,349	10,522,187
Hungary	—	—	—	—	3,614,430
Poland	5,693,870	12,293,711	14,183,656	16,766,576	18,899,240
Rumania	—	—	—	9,670,565	—
U.S.S.R. (Russia)	7,511,317	—	—	162,173,763	8,843,780
Yugoslavia	—	—	3,919,975	3,501,866	—
Totals	29,616,670	22,433,583	22,497,526	248,496,163	78,902,361
Africa:					
Algeria	373,333	1,359,639	—	—	—
Congo (Leopoldville)	—	18,237	—	—	—
Katanga	—	—	9,186	—	—
Mozambique	436,724	680,884	562,438	102,057	35,230
Nigeria	—	271,600	666,593	650,889	603,113
Nyasaland	108,517	74,667	8,244	—	—
Republic of South Africa	—	504,000	7,883,218	3,038,286	944,533
Rhodesia	—	—	—	37,334	48,210
Tunisia	1,439	189,905	—	—	—
U.A.R. - Egypt	—	451,733	—	—	—
Totals	920,013	3,530,685	9,129,679	3,828,566	1,631,056
Asia:					
Burma	356,229	221,978	—	78,931	171,454
China, Communist	34,699,851	71,977,630	56,443,819	41,286,001	62,370,202
Hong Kong	523,787	616,559	579,227	667,706	905,147
India	3,955,436	3,541,390	703,612	721,373	7,266,240
Israel	1,592,267	829,100	1,789,369	1,603,056	529,200
Japan	53,996,664	48,042,969	44,108,769	49,726,319	50,125,210
Kuwait	—	—	—	—	350,000
Malaysia and Singapore	—	—	124,133	453,413	929,041
Pakistan	2,098,690	1,856,325	361,664	354,984	3,199,457
Philippines	987,363	3,854,530	6,741,156	7,300,821	6,431,954
Saudi Arabia	—	555,637	647,966	782,686	590,238
South Korea	—	—	—	511,467	—
Taiwan	139,626	171,610	115,701	411,061	735,441
Totals	98,349,913	131,667,728	111,615,416	103,897,818	133,653,665
Oceania:					
United States Oceania	313,152	473,759	480,554	461,514	75,898
Totals	313,152	473,759	480,554	461,514	75,898
Other Hemisphere:					
Barbados	167	—	40	100	5,119
Colombia	—	264,550	—	—	367,454
Cuba	5,056	—	—	7,454,393	8,120,773
Dominican Republic	922,831	1,490,978	1,155,778	851,741	704,388

See footnotes at end of table.

Source:

Canada. Bureau of Statistics. Grain Trade of Canada 1964-65.  
Ottawa, Queen's Printer, 1966. p.90, 91.



# AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Feb. 5, 1967

## GRAIN TRADE OF CANADA

TABLE 104. Export Clearances<sup>1</sup> of Canadian Wheat<sup>2</sup> by Countries of Final Destination,  
Crop Years 1960-61 to 1964-65 — Concluded

Destination	1960-61	1961-62	1962-63	1963-64	1964-65
bushels					
Western Hemisphere—Concluded:					
Ecuador .....	1,190,686	1,157,340	1,199,696	1,087,114	1,370,128
El Salvador .....	18,372	384,693	579,677	1,018,382	776,516
Guatemala .....	60,166	46,568	255,000	275,000	408,366
Honduras Republic .....	4,996	—	—	—	53,200
Jamaica .....	—	399	11,348	10,222	6,645
Nicaragua .....	—	—	—	78,400	504,746
Panama .....	—	—	—	—	—
Peru .....	1,816,267	—	535,174	730,614	937,813
Venezuela .....	2,658,101	4,736,226	6,677,045	7,903,550	9,121,671
United States:					
For domestic use <sup>3</sup> .....	2,518,758	1,487,496	1,169,390	1,025,859	—
Totals .....	9,193,400	9,567,950	11,583,149	20,433,375	22,376,824
Sub-totals, all countries .....	310,951,982	322,752,125	300,095,443	536,725,518	366,739,662
Bagged seed <sup>4</sup> .....	6,615,634	3,316,543	4,006,521	2,911,963	1,312,295
Totals, all countries .....	317,567,616	326,068,668	304,101,964	539,637,481	368,051,957

<sup>1</sup> Overseas clearances as reported by the Statistics Branch, Board of Grain Commissioners for Canada, for all countries except the United States.

<sup>2</sup> Including durum.

<sup>3</sup> Compiled from returns of Canadian elevator licenses and shippers and advice from American grain correspondents. Excluding bagged seed.

<sup>4</sup> Canadian Customs returns, adjusted to remove effect of time lag.

TABLE 105. Export Clearances<sup>1</sup> of Canadian Durum Wheat<sup>2</sup> by Countries of Final Destination,  
Crop Years 1960-61 to 1964-65

Destination	1960-61	1961-62	1962-63	1963-64	1964-65
bushels					
Western Europe:					
EEC:					
Belgium and Luxembourg .....	1,867,546	557,947	368,942	572,979	1,247,731
France .....	8,020,711	604,769	6,470,860	2,697,857	3,125,361
Germany, Federal Republic .....	11,630,314	3,590,153	10,043,991	7,968,123	7,689,413
Italy .....	13,457,748	25,200	—	115,733	21,232
Netherlands .....	353,026	110,454	—	154,168	346,155
Sub-totals .....	35,329,343	4,888,523	16,883,793	11,528,830	12,423,944
Other Western Europe:					
Austria .....	465,886	149,333	682,385	335,418	576,000
Britain .....	720,599	361,623	254,463	224,594	252,000
Greece .....	22,400	—	10	—	—
Ireland .....	5,600	—	7,467	—	13,657
Malta and Gozo .....	—	—	—	—	18,177
Portugal .....	93,333	—	—	410,667	—
Sweden .....	18,667	—	18,667	—	33,600
Switzerland .....	3,419,668	1,477,691	1,839,225	2,590,340	2,560,671
Sub-totals .....	4,746,153	1,988,647	2,802,217	3,561,019	3,455,521
Totals .....	40,075,496	6,877,170	19,686,010	15,089,849	15,879,465
Eastern Europe:					
Albania .....	—	—	—	—	521,714
Czechoslovakia .....	704,807	—	—	—	—
Germany, East .....	—	—	—	—	385,827
Poland .....	—	—	—	—	5,314,091
U.S.S.R. (Russia) .....	—	—	—	9,634,007	—
Totals .....	704,807	—	—	9,634,007	6,221,632
Africa:					
Algeria .....	373,333	37,035	—	—	—
Mozambique .....	35,467	26,134	—	11,200	—
Tunisia .....	1,439	189,905	—	—	—
Totals .....	410,239	253,074	—	11,200	—
Asia:					
China, Communist .....	—	—	—	—	11,971,379
Japan .....	—	—	—	—	46,297
Total .....	—	—	—	—	12,017,676
Western Hemisphere:					
Guatemala .....	7	—	—	—	16,667
Venezuela .....	7	—	—	—	—
Totals .....	7	—	—	—	16,667
Totals, all countries .....	41,190,549	7,130,244	19,686,010	24,735,056	34,135,440

<sup>1</sup> Overseas clearances as reported by the Statistics Branch, Board of Grain Commissioners for Canada, for all countries except the United States.

<sup>2</sup> Included with wheat in the preceding table.

## APPENDIX II

## BOARD OF GRAIN COMMISSIONERS FOR CANADA

*Organization and Functions**General:*

Under the Canada Grain Act of 1912 the Board of Grain Commissioners was created to administer the Act and to have general supervision over grain handling in Canada. The Board is composed of three Commissioners, appointed by Governor-in-Council, one of whom is appointed as Chief Commissioner. The Commissioners are salaried officials who devote the whole of their time to the performance of their duties under the Canada Grain Act. There are also four Assistant Commissioners who are appointed to assist the Board, in accordance with the provisions of the Act. The Board is an independent body reporting to the Government through the Minister of Agriculture. The headquarters of the Board is at Winnipeg, Manitoba. The Assistant Commissioners are located at Edmonton, Saskatoon, Regina and Winnipeg.

Under the Inland Water Freight Rates Act, the Board is required to receive and tabulate all lake freight rates on grain and when considered necessary, to establish maximum rates.

Under the Prairie Farm Assistance Act, the Board is charged with the responsibility for collecting the one per cent levy.

*Organization:*

The organization of the Board is composed of six principal divisions. These are the Executive, Inspection, Weighing, Statistics, Research Laboratory and Canadian Government Elevators system.

In addition to the above divisions, the Board is required under the Canada Grain Act to constitute Committees on Grain Standards and Grain Appeal tribunals.

A description of the functions and activities of the different divisions is outlined below.

*Executive Offices**Functions:*

To administer, direct and co-ordinate the work of all divisions of the organization; to report to the Minister of Agriculture through the Department of Agriculture, and to ensure the carrying out of the provisions of the Canada Grain Act. The Executive Offices comprise the Board, Assistant Commissioners, the Secretary and Personnel Division.

*Inspection Division*

The Head Office of the Inspection Division is at Winnipeg, with district offices located at Montreal, Toronto and Chatham in the Eastern Division, and at

Fort William, Winnipeg, Saskatoon, Moose Jaw, Calgary, Edmonton, Medicine Hat and Vancouver in the Western Division. In addition, inspection staffs are stationed at the elevator located at Baie Comeau in the Eastern Division and at terminal elevators located at Lethbridge, Prince Rupert and Victoria and seasonally at Churchill, Manitoba, in the Western Division.

#### *Functions:*

In the Western Division, to procure and grade samples from carlots of grain en route from country points to any destination, at the primary inspection point of Winnipeg, Calgary and Edmonton, when such samples are placed in the car by operators of country elevators; to draw official samples and establish grade of all grain received into terminal elevators and most of the grain received into mill elevators at the Lakehead, Pacific Coast, Churchill and interior points; to sample and grade grain discharged from terminal and mill elevators.

In the Eastern Division, to provide sampling and inspection service on request at Chatham and Toronto for Eastern grown grain; to sample and check all grain and to establish the final grade of all Canadian grain, loaded into vessel for export at Montreal, Quebec, Sorel, Three Rivers, Baie Comeau, St. John and Halifax.

To grade all grain in store in terminal and Eastern elevators at the annual weighover of stocks.

To prepare tentative standard samples for the Committees on Grain Standards.

#### *Weighing Division*

#### *Functions:*

In the Western Division to weigh all grain received at or shipped from licensed terminal elevators and as required by licensees to provide the same service at licensed mill elevators; to inspect all scales and equipment for transferring grain from and to the scales in all licensed Eastern, terminal and mill elevators; to examine railway cars at time of sampling or unload for evidence of leakage; to weigh over grain contained in every terminal and Eastern elevator at least once every twenty-two months; and to investigate complaints re shortages on outturn weights.

#### *Statistics Division*

#### *Functions:*

(A) *Statistics:* To publish basic statistics relating to the handling and storage of grain within the Canadian elevator system, from reports received from all licensed elevators, to supply the Board and other divisions with detailed analysis of elevator handlings.

(B) *Audits:* To prepare audit statements covering the operations of terminal, Eastern and country elevators; to verify the insurance carried on grain stocks, and to maintain records of lake freight rates on grain; to supervise the collection of the 1 per cent levy under the Prairie Farm Assistance Act.



(C) *Licence and Bonding*: To receive applications and issue licences for the operation of the various classes of elevators defined in the Canada Grain Act as well as for track buyers, commission merchants and grain dealers, and to maintain detailed records thereof; to supervise the maintenance of adequate guarantee bonds as security covering the operations of the licensees and their agents.

(D) *Registration*: To register terminal and Eastern warehouse receipts and transfer receipts for all grain received at terminal and Eastern elevators; to maintain records of stocks of grain in store at these elevators, and to cancel warehouse receipts on all shipments from these elevators.

#### *Research Laboratory*

*Functions*:

To assist the Inspection Division with problems relating to the effects of grading factors, treatment, etc., on the milling and baking quality, malting quality, etc., of the various grains and oil seeds; to obtain and distribute each year, information on the quality of current crops and of standard and standard export samples; to provide records of the quality of all grades of Canadian grains, shipped and in store, throughout the crop year; to collaborate with plant breeders in the production and testing of new varieties; to undertake research on grain quality, on methods of measuring it, and on other problems related to the Board's work, and to maintain liaison with other institutions and organizations working with grain.

#### *Canadian Government Elevators*

*Functions*:

To manage, maintain and operate as semi-public terminal elevators the five senior terminal elevators constructed by the Government at Moose Jaw, Saskatoon, Lethbridge, Edmonton and Calgary, and to manage, maintain and operate as a semi-public terminal elevator, the terminal elevator at Prince Rupert, B.C.

#### *Grain Appeal Tribunals*

In accordance with Section 47 of the Act, the Board has constituted Grain Appeal Tribunals in the Western Division at Winnipeg, and in the Eastern Division at Montreal and Toronto, to review the decision of the inspecting officer on the application of any person in possession of or interested in any grain who is dissatisfied with the grading of such grain by an inspecting officer.

The Chairman of the Appeal Tribunal in the Western Division is a permanent salaried official, but all other members of such Tribunals serve when called upon and are paid on a fees basis.

#### *Committees on Grain Standards*

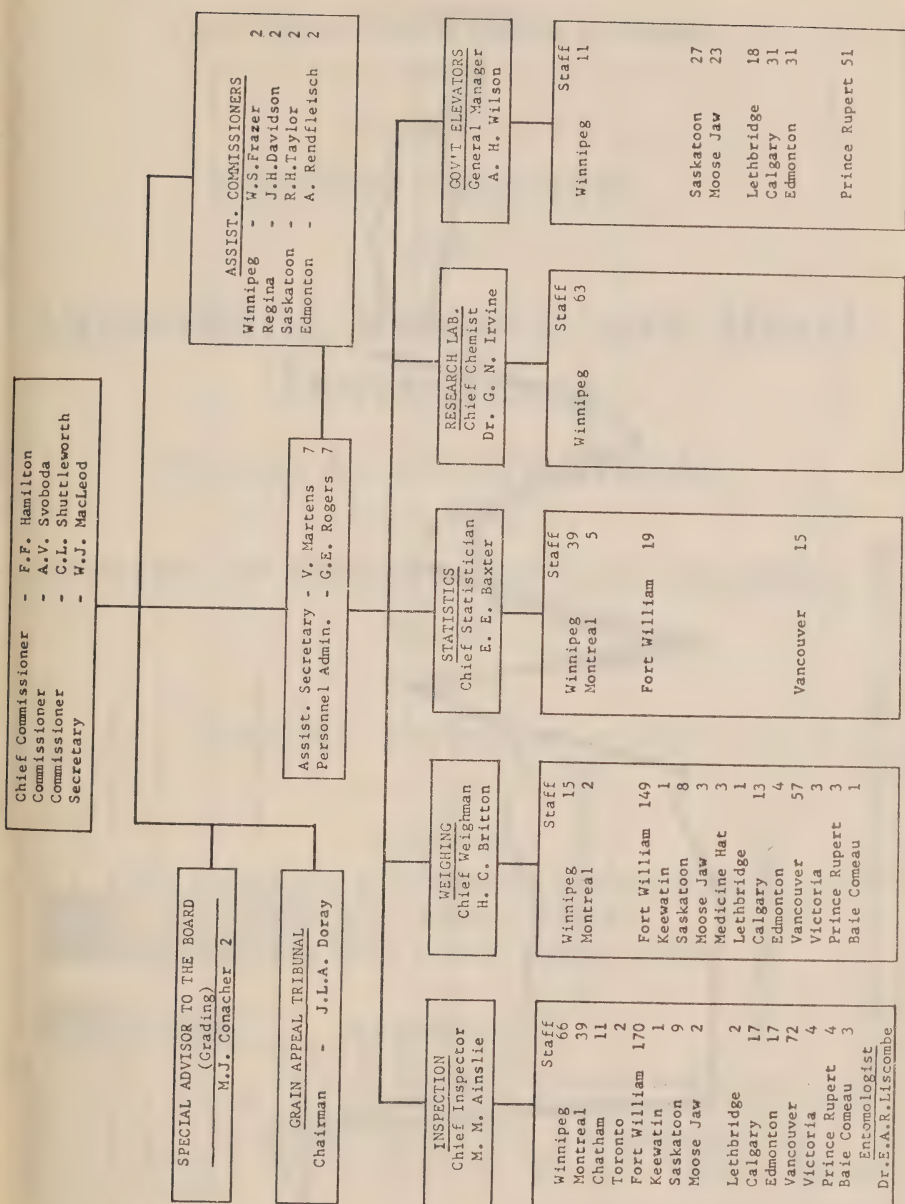
In accordance with the provisions of Section 25 of the Canada Grain Act, a Committee on Western Grain Standards and a Committee on Eastern Grain Standards are constituted by the Board each year before the first day of July.

The Western Committee meets in Winnipeg and the Eastern Committee in Toronto or Montreal.

*Functions:*

To select and settle standard samples of each statutory grade; to name and define all such commercial grades as, in its opinion, it is advisable to establish for the current crop year, and to select and settle the standard samples representing November 22, 1966.

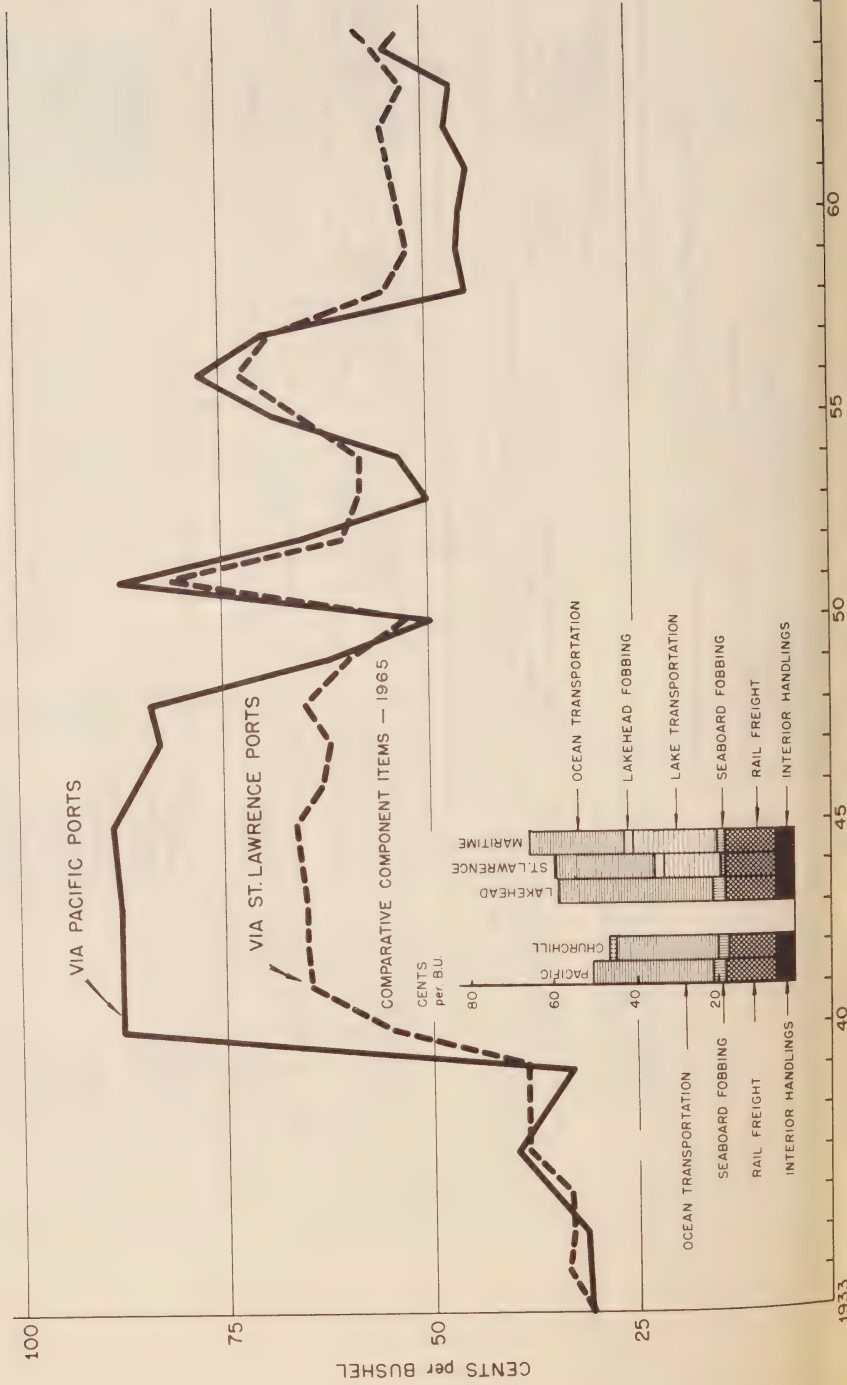
# AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT





APPENDIX III

AVERAGE COSTS OF MOVING WHEAT, CANADA TO THE UNITED KINGDOM  
SEASONS OF NAVIGATION 1933 to 1965



HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966-67

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 28

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TUESDAY, FEBRUARY 7, 1967

---

Respecting

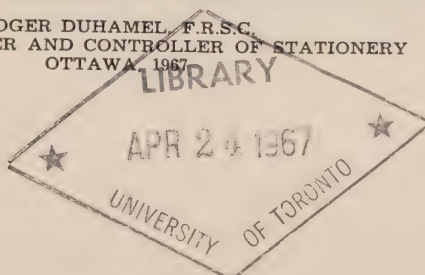
The Annual and Supplementary Reports of the  
CANADIAN WHEAT BOARD  
for the Crop Years 1962-63, 1963-64, 1964-65

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WITNESSES:

*From the Alberta Department of Agriculture:* Dr. G. R. Purnell, Director, Economics Division; Mr. R. E. English, Statistician. *From the Alberta Wheat Pool:* Mr. Nelson Malm, First Vice-President; Mr. C. L. Nowlan, Manager, Country Elevators; Mr. J. S. Harburn, Manager, Sales and Traffic.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967



STANDING COMMITTEE  
ON

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin (*Richmond-Wolfe*),  
Mr. Beer,  
Mr. Berger,  
Mr. Cadieu (*Meadow Lake*),  
Mr. Choquette,  
Mr. Clermont,  
Mr. Comtois,  
Mr. Côté (*Nicolet-Yamaska*),  
Mr. Crossman,  
Mr. Danforth,  
Mr. Faulkner,  
Mr. Forbes,  
Mr. Gauthier,  
Mr. Gendron,

Mr. Godin,  
Mr. Grills,  
Mr. Gundlock,  
Mr. Honey,  
Mr. Hopkins,  
Mr. Horner (*Acadia*),  
Mr. Johnston,  
Mr. Jorgenson,  
Mr. Lefebvre,  
Mr. Madill,  
Mr. McKinley,  
Mr. Moore  
(*Wetaskiwin*),  
Mr. Muir (*Lisgar*),  
Mr. Neveu,  
Mr. Noble,  
Mr. Nowlan,

Mr. Olson,  
Mr. Peters,  
Mr. Pugh,  
Mr. Rapp,  
Mr. Ricard,  
Mr. Roxburgh,  
Mr. Schreyer,  
Mr. Stafford,  
Mr. Stefanson,  
Mr. Tucker,  
Mr. Watson  
(*Assiniboia*),  
Mr. Watson (*Château-  
guay-Huntingdon-  
Laprairie*),  
Mr. Yanakis—45.

(Quorum 15)

Michael B. Kirby,  
Clerk of the Committee.



## MINUTES OF PROCEEDINGS

TUESDAY, February 7, 1967.

(38)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 2.35 o'clock p.m. in the Britannia Room of the Calgary Inn, in the city of Calgary, province of Alberta. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Berger, Cadieu (*Meadow Lake*), Clermont, Comtois, Côté (*Nicolet-Yamaska*), Crossman, Danforth, Forbes, Gauthier, Gendron, Godin, Grills, Gundlock, Hopkins, Horner (*Acadia*), Johnston, Jorgenson, Laverdière, Lefebvre, Madill, McKinley, Moore, (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Nowlan, Olson, Peters, Pugh, Rapp, Ricard, Schreyer, Stafford, Stefanson, Tucker, Watson (*Assiniboia*), Whelan, Yanakis—(39).

*In attendance:* From the Alberta Department of Agriculture: Dr. Glen R. Purnell, Director, Economics Division, and Mr. R. E. English, Statistician;

*From the Alberta Wheat Pool:* Messrs. Nelson Malm, First Vice-President; Allan J. Macpherson, Second Vice-President; O. Keith Resenberger, Director; Omar J. Broughton, Secretary; A. T. Baker, General Manager; C. L. Nowlan, Manager, Country Operations; J. S. Harburn, Manager, Sales and Traffic; Allan M. Gibson, Manager, Public Relations; L. D. Nesbitt, Retired Superintendent of Publicity; Bruno Friesen, Economist.

The Chairman made an opening statement during which he pointed out that Committees are portions of the House of Commons and that this meeting was a regular Committee meeting at which the same rules and procedures as are followed in Ottawa would be in force.

The Committee resumed consideration of the Annual and Supplementary Reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64 and 1964-65.

The Chairman then called the first witness, Dr. Purnell of the Alberta Department of Agriculture and asked him to introduce his colleague and make his presentation.

At the end of Dr. Purnell's submission, it was moved by Mr. Asselin (*Richmond-Wolfe*) and seconded by Mr. Madill, and

*Agreed,*—That the following tables, charts and outlines submitted by Dr. Purnell be printed as appendices to the Minutes of Proceedings and Evidence:

Final Wheat Board Payments on Wheat, Oats and Barley, 1961-62 through 1965-66; (*See Appendix I*)

Figures:

1. Trend in Total Cattle numbers, Province of Alberta, June 1, 1930-1966;
2. Trends in Total Hog and Sheep numbers, Province of Alberta, June 1 1930-1966;
3. Total Cattle Marketings in Alberta, 1961-1966 (Monthly);
4. Fertilizer Sales in the Provinces of Alberta, Saskatchewan and Manitoba 1938-65. (*See Appendix II*)

Alberta Department of Agriculture Emergency Farm Assistance Program  
(*See Appendix III*)

Alberta Department of Agriculture Summary of Crop Assistance 1966  
(*See Appendix IV*)

The members questioned the witness.

Later, at the suggestion of Mr. Clermont, members of the Committee rose and introduced themselves giving also their ridings and home province.

Questioning of Dr. Purnell continued. Later the Chairman thanked Dr. Purnell and Mr. English and they were excused.

Officials of the Alberta Wheat Pool were then called and the Chairman, after introducing Mr. Malm, called on him to introduce the officials with him, and make his presentation. Mr. Malm having concluded his presentation, the Committee proceeded to question him and his officials.

On completion of the questioning of the Alberta Wheat Pool officials, the Chairman and the members of the Committee thanked them for their attendance. They were then excused.

At 5.20 o'clock p.m., there being no further witnesses, the Chairman adjourned the meeting to the call of the Chair.

Michael B. Kirby,  
Clerk of the Committee.

## EVIDENCE

(Recorded by Electronic Apparatus)

TUESDAY, February 7, 1967

The CHAIRMAN: This is a regular meeting of the Standing Committee on Agriculture, Forestry and Rural Development. The ordinary rules of procedure which are followed at committee meetings in Ottawa will be followed here. By order of the House of Commons made on Thursday, June 2, 1966, the annual and supplementary reports of the Canadian Wheat Board for the crop year 1962-63, 1963-64, and 1964-65 were referred to this committee for consideration and study.

I would like to say at this time, and I am sure I speak for all committee members present, that we are happy to be in Alberta. I know the Committee will benefit greatly by its presence here.

The first witness before us is Dr. Glen R. Purnell, Director of Economics Division, Dr. Purnell will present a brief on behalf of the Alberta Department of Agriculture.

Dr. GLEN R. PURNELL (*Director, Economics Division, Alberta Department of Agriculture*): Thank you very much, Mr. Chairman and gentlemen. May I bring you greetings from the hon. H. E. Strom, Minister of Agriculture for the government of Alberta and his deputy, Dr. E. E. Ballantyne.

The Department appreciates the opportunity to appear before this committee which is so important to the well-being of Canadian agriculture. It is felt that several points dealing with various facets of the grain trade and related areas could well be outlined at this time for your consideration.

The Canadian Wheat Board is the most significant single element in the marketing of Canadian grain. Fundamentally the Board has played and is playing an effective role in carrying out its functions of maintaining an orderly marketing process and obtaining maximum returns for producers over time. Naturally, grain producers are interested in marketing a maximum volume as quickly as possible at the highest price available in any particular crop year. Rising production costs necessitate substantial and increasing expenditures by producers in their annual operation. In addition there is a heavy burden of overhead costs in land investments, interest charges, taxation, and depreciation of machinery and equipment.

1. It is suggested then that due consideration be given to price levels and to the amount of initial payments for grain delivered by producers to the Board. In this recommendation, recognition is given to the global population growth and the extreme difficulty which many countries may have in paying higher prices for food grains. However, unless a price level is maintained to adequately reward resources involved in production, there could occur a flight



of these resources into some uses other than grain production which may impede Canada's ability to significantly contribute to helping feed the world. Naturally any increase in price level must consider international supply and demand. There is little value in pricing yourself out of the market.

2. On the subject of initial payments, it is noted that final payments for wheat has averaged \$.44, oats \$.17, and barley \$.27 per bushel over the past 5 years. The high was \$.49, the low \$.38 per bushel for wheat. The high for oats was \$.25 and the low \$.10 per bushel. For barley the high was \$.33 and the low \$.18 per bushel. A complete time series can be found in the attachments at the back of the brief. It would appear that this is above the levels needed to assure that the Board will not operate in a definite position if higher initial payments were made. One acknowledges that this is in part at least a matter only that the producers are helping to finance the operation of their own Board. Nevertheless, it would seem that the Board is in a position to obtain capital at an interest rate lower than that available to farmers. Furthermore, the former limited in capital can often put funds to work in his farm operation and obtain a return in excess of the interest charges which the Board would have to face. Therefore, it is recommended that consideration be given to making larger initial payments and smaller final payments on grain delivered to the Board.

3. Farm people are greatly improving their ability to plan their operations to effectively use their resources in profitable production. This improvement stems from increasing recognition by farmers of the need to adjust and the economic factors which make adjustment desirable. They are using available information in the form of agricultural situation and outlook reports. This information is becoming more accurate and reliable over time. Nevertheless, planning could be substantially improved in the future. A significant contribution to this improvement would be the availability of information at the earliest possible date on anticipated or consummated sales agreements for grain in international trade. Certainly one cannot ignore the cold hard business facts that premature leakage of information about prospective sales could endanger the final signing of contracts. This is not the intention of this recommendation. Also one must recognize that considerable uncertainty prevails about the annual volume of sales which can be consummated in international trade in a particular year. Many factors influence this situation. Nevertheless, given recognition of these points it is recommended that the best possible projection on international grain sales for a coming period be made public and that producers be informed as early as possible of sales negotiated. This would facilitate planning on the individual farm and in most instances reflect back stability in supply for future sales.

4. The Canadian Wheat Board, by authority of the Coarse Grain Marketing Control Act (Alberta), regulates the sale of coarse grains and the use of commercial storage and handling facilities for non-Board feed grain and by controlling the interprovincial movement of non-Board feed grains. The purpose is to achieve an orderly flow of grain in the market and to prevent interprovincial non-Board shipments from disrupting the orderly marketing of feed grain outside the Province. Although this procedure may in the short run be in the

interests of the grain producer in these deficit areas, it is doubtful that it is to his long range advantage since livestock production and prices are very sensitive to instability in the year to year feed grain prices. The sensitivity in the livestock sector may be great enough to cause sufficient uncertainty to develop in the minds of livestock producers thus resulting in the elimination of or at least the minimization of livestock production in these locales. Hence this decrease in demand will be reflected in reduced feed grain prices in the future. This entire question is discussed by Mr. Kerr of the Canadian Agricultural Economics Research Council in his Publication No. 7 entitled "An Economic Analysis of the Feed Freight Assistance Policy". Kerr admits some benefits to the feed grain producers of restrictions on interprovincial flow of non-Board grains. However, he suggests that in a Province such as Alberta, where more than 50 per cent of the cash farm income is derived from livestock, there is a question as to the over-all benefit of such a policy to the agricultural economy in this Province.

A note of general concern on the grain-livestock balance in Canada should be expressed. Agriculturists dealing with a balanced farm economy approach express concern with the prospects of de-populating livestock herds. This reduction can result from temporary improvement in the grain market. The effect is to cause a lag in rebuilding livestock herds due to the biological process. Stability must be a consideration.

When dealing with the grain trade one must recognize the feed-livestock sector of the economy.

Greater stability in the grain market could very easily be reflected in similar stability in the livestock sector which is now receiving increasing attention in Alberta. I have presented in this brief some charts indicating a birdseye view of Alberta Livestock trends. These are in the attachments at the back of the brief. In the period 1961-65, livestock accounted for 53 per cent of cash farm income in this province. With realized developments of this kind and further expansion projected in the future, the Alberta Department of Agriculture has revealed comprehensive plans which can enable the Alberta government to service this growing industry. Copies of the Department program are attached and distributed for your perusal. Considering these developments in the livestock industry, it is easy to understand the concern expressed above for a proper relationship between the feed grain and livestock sectors. Thorough consideration must be given to interprovincial and inter-regional relationships in the feed-livestock economy.

5. Thus there is concern about the role in the total grain and livestock sector of the Canadian Livestock Feed Board. With so much at stake, one could certainly feel on safe ground to recommend appointment of western Canadian grain producers to this Board. The Feed Board, which assumes responsibility for the freight assistance program, has also been given the power to negotiate for foreign feed grains. Will such negotiation eventually lead to the substitutions of foreign feeds for Western Canadian grain? Appointment of a western grain producer to the Canadian Livestock Feed Board would assist in maintaining a balanced perspective in these negotiations.

6. If a sound feed-livestock economy is to be maintained and expanded in the West, it is essential that people in responsible positions recognize the need for thorough planning and action on the service facilities related to this sector. In 1966, for example, the Alberta livestock industry experienced a shortage of railway stock cars for transporting animals being marketed. Admittedly, the shortage was temporary but it was a true shortage on the supply side rather than abnormal requirements on the demand side. Livestock marketing patterns in 1966 followed normal seasonal patterns as we have illustrated in an attached chart, Figure 3. This figure also graphically outlines the long term upward trend in cattle marketing and underlines the need for improved planning of the services in this entire field.

### *Expanding Production*

Grain marketing in the future will be influenced by expanding crop production. Technological advancement in agriculture is well known with the output per unit of input increasing substantially each year. In our footnote we have indicated that most of the benefits from such advantages or advances accrue to the consumer of Canadian agricultural products. Consumers obtain more and higher quality food at lower relative prices as new technology is developed and used in agriculture. Of course, this reflects back to the previous recommendation for consideration of higher grain prices in order to provide farmers with more significant direct benefits. Production, per worker in agriculture is rising about twice as fast as productivity per worker in non-agricultural sectors of the economy. Output per acre is also rising. This, of course, results from the use of more intensive practices such as fertilizer applications on a given land base. Figure 4 in the attachments provides data which show that fertilizer sales in the prairie provinces have risen dramatically since 1955. The most notable increase is in Alberta which represented over 50 per cent of total sales in 1965. Fertilizer sales in Alberta increased 12 times, in Saskatchewan 7 times and in Manitoba only  $3\frac{1}{2}$  times during the 1955-65 period. Without doubt corresponding increases in the soil samples submitted for analysis to the Alberta Soils Laboratory from 2,253 in 1961 to 14,400 during the first three quarters of 1966 is closely related. We might add, Mr. Chairman, that there would also be a direct relationship of fertilizer use and the Alberta Department of Agriculture's aggressive extension education in promoting improved cropping techniques.

Additional grain production can also be achieved through annual cropping of a considerable portion of Alberta land which is now being summerfallowed. In 1965 there were  $6\frac{1}{2}$  million acres of summerfallow in this province. With new chemical weed control and improved tillage practices, it is feasible to bring much of this into crop production on an annual basis. Again due consideration must be given to the marketing of grain from this land.

7. A third important source of increased grain production is the development of new land for this purpose. As it becomes economically feasible this new land will be opened. Alberta has 10-12 million acres of potential farmland which is over 50 per cent of the arable land in Canada that can still be developed for agricultural purposes. Experience shows that this development is not always ar



easy process. Limited capital, distant markets, and delayed productivity of the newly-turned land can all create critical hardships on settlers. Nevertheless, these new areas generally prove to be profitable over time and justify public expenditures on roads, schools, electricity and other amenities. Recently, serious setbacks have been experienced in these areas. Inclement weather has resulted in low crop yields. Such was the case recently in two areas of Alberta, the Peace River and West Central area, where widespread distress resulted from 3 years of grain yields averaging under 10 bushels per acre. After unsuccessfully seeking Federal government participation, the Province of Alberta assisted 5,217 farmers with payments of \$2,405,157.84 including \$20,746.34 in administrative costs. A detailed statement on the criteria and standards for participation in this program is attached for your perusal. Thus farmers in temporary distress are kept in business. On several occasions, the Government of Canada has participated in emergencies of this nature. It would seem logical that in the future standard criteria could be established by federal officials which would assure equitable treatment for all farmers in Canada regardless of location. In this way farmers and others concerned could more effectively plan on a team approach and be consistent over time in dealing with emergency situations.

In summary, agriculture continues to be an important sector of the economy of Alberta. A preliminary estimate of farm income shows that income from sale of field crops in 1966 amounted to \$370,605,000 and from livestock to \$406,762,000, for a total of \$794,043,000. Thus agriculture is one of the four major industries here.

Continuing attention by members of the industry must be given to the many problems which it faces if solutions are to be found to them. Your consideration of the following points is sought in this brief.

- (a) possibilities for increasing grain prices should be explored and implemented where realistic.
- (b) increased initial payments for grain marketed through the Wheat Board is desirable.
- (c) Improved market projection information should be provided.
- (d) a federal-provincial review of Wheat Board control of feed grain sales is in order.
- (e) membership on the Canadian Livestock Feed Board should include a western representative.
- (f) improved planning in the service sectors such as the transportation system must be achieved to avoid economic inefficiencies. The 1966 railway stock car shortage is one example. It is to be noted that industry is examining its grain handling methods. Railways must also improve transportation facilities.
- (g) emergency assistance in periods of poor crops is sound economic sense and should be a joint effort of Provincial and Federal governments.

Mr. Chairman, before concluding, we believe an additional comment should be made pertaining to the need for clarification or interpretation which may be

required with respect to Sec. 39 of the Canadian Wheat Board Act. This section names the elevator to be a work for the general advantage of Canada and declares flour mills, feed mills and seed cleaning mills in this same category.

We believe that cleaning and treating grain for seed in elevators and the use and operation of seed cleaning mills is primarily a function of the Government of Alberta and as such these functions should be recognized in the Canadian Wheat Board Act. We accordingly recommend that amendments be made to the legislation to recognize this principle. Thank you very much, Mr. Chairman and gentlemen.

The CHAIRMAN: Thank you, Dr. Purnell. I forgot to introduce Mr. English, who is also appearing before the committee today, with Dr. Purnell. He is an agricultural statistician with the Alberta Department of Agriculture.

Before we proceed any further, I would like a motion that the tables be printed as an appendix.

Mr. ASSELIN: I so move.

Mr. MADILL: I second the motion.

Motion agreed to.

The CHAIRMAN: I have a list of members who already have intimated to me that they want to question. They are Mr. Horner, Mr. Olson, Mr. Clermont and Mr. Rapp.

Mr. HORNER (*Acadia*): Mr. Purnell, you presented a very concise brief dealing with a number of subjects which touch very deeply on Alberta's agricultural question. I agree, first of all, with paragraphs one and two, with regard to the payments of wheat. I certainly agree with your suggestion in paragraph (2) that the initial payments should be raised, and I hope that action will be taken to see that this is done.

I am not sure what you are trying to say in paragraph (4) in respect of feed freight assistance. You refer to Dr. Kerr's brief on feed freight assistance paid by the federal government. Are you, in a sense, questioning whether or not there is any real value to the farmers of Alberta to continue to pay feed freight assistance to eastern Canada and British Columbia.

Mr. PURNELL: No, this is not the intent of the suggestion. This is a question of another nature which, as you know, has very many facets. The point that we are suggesting consideration be given to here is the degree of control experienced by the Canadian Wheat Board over the interprovincial flow of non-quota feed grains which, as you know, are restricted at the present time. In addition, there are restrictions placed on the use of commercial facilities, as far as non-quota feed grain is concerned. This is the point that we are making here Mr. Horner.

Mr. HORNER (*Acadia*): Are you suggesting there is some room for question as to whether or not the wheat board should still have jurisdiction over interprovincial trade in non-quota feed grain?

Mr. PURNELL: I suggest that this is a question which needs very careful scrutiny and that this may be an answer to such a question. However, the real

situation here is the possibility of destabilization of the livestock sector in a feed deficit area in which the deficit may fluctuate from year to year, and in view of the fluctuations in productions of grain the livestock sector is also destabilized. Our major point is that intensive study be made of this question.

Mr. HORNER (*Acadia*): I would agree with you that a major study could serve a real purpose. I have one further question with regard to feed grain and livestock. The Committee this morning toured a large feed lot in Alberta and toured a large feed mill. Is it your belief that in the years ahead more and more western cattle will be fed western feed grains right here in Alberta?

Mr. PURNELL: I definitely feel that this will be the case.

Mr. HORNER (*Acadia*): Does it not appear to you, as an economist, that it would be far more economical to ship beef to eastern Canada rather than live cattle and feed?

Mr. PURNELL: This has to be viewed from the point of view of the entire economy, from the point of view of the grain sector as well as the livestock sector, and it would appear that consideration would also have to be given to the transportation rates on the carcass beef as compared with the grain and the live animals. But certainly we have seen instances in other countries, and in various regions of Canada, where development of more intensive production has taken place as land, a fixed base, becomes more restricted, relative to total resources involved in agriculture.

Mr. HORNER (*Acadia*): I have a question with regard to paragraph seven. First of all, may I say I agree with your submission that perhaps section 39 should be clarified, and I see no reason why seed cleaning mills should necessarily fall under the Canadian Wheat Board Act. But under this same general reference here, would you not agree, because over 400 miles of track is up for abandonment in the province of Alberta, that even after the track is taken up there is some feasibility in continuing to licence off-trackage elevators? In other words, when licenced, they proved to be capable of keeping grain clean and free from contamination. I know of instances where elevator companies and railway companies are moving grain by truck. Do you not think that the Canada Grain Act could be amended to allow the continuing licensing of elevators, whether or not they are still alongside an operative railway?

Mr. PURNELL: I cannot see any obvious reason for a negative answer to your question at this point.

Mr. HORNER (*Acadia*): Those are my only questions at this time, Mr. Chairman.

Mr. OLSON: Mr. Chairman, I would like to direct Dr. Purnell's attention to paragraph 1 on page 1, namely, the paragraph marked 1, where you say that due consideration should be given to price levels; and you also say in your number one recommendation in the summary on page seven, that the possibilities for increasing grain prices should be explored and implemented, where realistic. Now, Dr. Purnell, it is my understanding of the Canadian Wheat Board's activities, in so far as selling Canadian grain is concerned, that they are obtaining the highest price available now, taking into consideration the competition



from other selling countries. Therefore, I am a little curious as to what you mean by higher prices. Does this relate to the international wheat agreement; are you talking about a different price for domestic sales within Canada, or just what are you referring to, as some means of achieving this?

Mr. PURNELL: We are not suggesting any relationship to a two-price system, Mr. Olson. We are simply suggesting that in view of the fact that the international wheat agreement is currently under review and in view of the fact the wheat board is the most significant single element involved in the marketing of Canadian grains, that the proposal is to raise the minimum and maximum levels in these international sales, under the agreement, wherever it is realistic to do so, taking into consideration supply and demand on a global basis.

Mr. OLSON: You inserted the word "realistic". Do you think it is realistic now to substantially increase the maximum and minimum under the international wheat agreement?

Mr. PURNELL: I am not in a position to recommend a particular price. I think the point we make is that attention be given to it and that knowledgeable people who are very close to the situation consider all of the aspects that would relate to the possibility of increasing prices in order to reward farmers, who are producers, for the use of their resources at an adequate level.

Mr. RAPP: Why not make a recommendation on the price of wheat under the international wheat agreement?

Mr. R. E. ENGLISH (*Statistician, Economics Division, Alberta Department of Agriculture*): It seems to me that the general world price of wheat today has reached so near the maximum under the agreement that that maximum may soon serve or perhaps already serves as a floor on the price of wheat under the international treaty.

Mr. GUNDLOCK: I have a supplementary to Mr. Olson's question.

The CHAIRMAN: Mr. Olson has not completed his line of questioning yet. The supplementaries are as annoying, I am sure, to the questioner as they are to the Chair. Would you wait until Mr. Olson is finished.

Mr. OLSON: I do not mind these supplementaries, Mr. Chairman, I was going to direct your attention Dr. Purnell, to where you say, "However, unless price level is maintained to adequately reward resources involved in production there could occur a flight of these resources into some other kind of production." Has this happened in Alberta now, with the present price levels paid for grain?

Mr. PURNELL: We have seen fluctuations from year to year. Although I cannot give you figures on quotations, there were price decreases a couple of years back, as you may recall, of approximately 12 cents per bushel on wheat, and we did see some encouragement given to farmers, to move into other types of production. They tried out various commodities; sunflower seeds, rapeseed and some of these other products.

Mr. OLSON: Was it because of the price of cereal grains or was it because of the marketing restrictions, the quota?

Mr. PURNELL: Mr. Olson, what the total cause was it is the same. But we like to think of the farmer as being a type of economist, who makes his decisions based on the profits to be achieved in these various enterprises and, in this connection, relative prices of the various products have to be taken into account.

Mr. OLSON: Mr. Chairman, I appreciate this particular paragraph being in the brief because members of Parliament, who come from grain producing areas, have been talking about this for a long, long time. Of course, I know that you people have done some studies on the price of grain in relation to costs and so on. I think it would be rather helpful if you would stick your neck out a little bit, perhaps, and tell us how much of an increase is justified now in relation to the cost of production. Then we could have your thinking as to how much more the price of wheat, for example, or barley and oats should go up to justify these other costs and to keep farmers producing this type of product.

Mr. PURNELL: Mr. Chairman, the point is made that studies have been conducted in the province of Alberta on cost of production of various commodities. This is true. However, Mr. Chairman, we have not looked specifically at price levels in relationship to some of these studies that have been made with respect to the question at hand. This is why we have restricted our recommendation to one of consideration being given to an increase without a co-efficient of exact amounts.

Mr. OLSON: I wonder if I could put it to you this way: there has been some suggestion in the press—I think the first one was sometime around the first week of December and another about ten days ago—that Canada was going to the international wheat agreement conference and was going to suggest a new maximum of \$2.50. I am sure you have seen this report, and I am sure you are also aware that it will probably be for another three-year period. Do you think that this is sufficient to keep farmers in this production, and is it also sufficient to keep them financially sound, considering the increases in their cost of production, or, in your opinion, is this \$2.50 maximum too low?

Mr. PURNELL: Certainly it would be a help to see the increased price in this area. As Mr. English has pointed out, the \$2.18 figure, which has been the maximum in the past, has not been really all that effective in recent negotiations. As to whether or not it would be adequate to keep these resources in grain production is a very interesting question and one that I am not really prepared to answer. It would help; it would help considerably, but we recognize that production costs in agriculture are rising drastically over the years. In one year alone, we can expect a five per cent increase in production costs because of variable costs. In addition, there are increasing costs on the fixed side: interest rates, interest charges, higher land values and so, which are all connected here.

Mr. OLSON: I wonder if I could put the question to you this way, Dr. Purnell. Could you assist the Committee by making some recommendation to them as to what criteria should be used or how we are going to find out what is the correct amount to recommend, in so far as an increase is concerned for the next three years.

Mr. PURNELL: The correct amount would have to be determined through an analysis of the global demand, comparative production costs in other countries,

as well as production costs here at home. The first step, inasmuch as we are here at home, in my opinion, would be to really know what it does cost to raise these various commodities and what types of farm organization exists.

Mr. OLSON: Does your department have information available to tell us how much it costs to produce wheat and barley—that is, on some kind of an average basis? I am sure it would vary from farm to farm and from region to region but in setting a price for the whole of western Canada, do you have any idea what this figure would be?

Mr. PURNELL: We have information along these lines in Alberta. I was not able to draw them together quickly for purposes of this meeting. I would draw your attention to comparable studies that I laid my hands on, coincidentally, for the province of Saskatchewan where we have, of course, a considerable amount of heavy grain production. I will give you those as a matter of information, and these would have to be corroborated on a wider regional basis. In 1959 production costs per acre in Saskatchewan were \$13; in 1960, \$14.61; and in 1964 \$19.59. These are examples of trends. I use these not as absolute amounts, Mr. Chairman, but to illustrate the trends in costs of production in some of our products, in this instance, wheat.

Mr. OLSON: Mr. Chairman, I would like to put a question in respect of one other subject, and then I will pass. Your recommendation no. (7) says:

Emergency assistance in periods of poor crops is sound economic sense and should be a joint effort of provincial and federal governments.

Has the federal government indicated to you that they are not going to participate in any further of these emergency assistance programs?

Mr. PURNELL: The information is that the federal government feels that PFAA payments in the past have constituted a major contribution by the federal government to assist farmers in need, and that in the future crop insurance programs will be implemented, co-operatively with the provinces, in an attempt to provide supplementary assistance to farm people. It is recognized by the Alberta government that further assistance than that offered by these two means may be required from time to time. In these instances, it is our understanding that the federal participation in recent years has not been forthcoming although in previous years there was co-operation and support for what we in western Canada, call the snowball program in the late 'fifties.

Mr. OLSON: How much of Alberta is now under crop insurance?

Mr. PURNELL: In 1965 there were 4,000 participants in a crop insurance program in a pilot area basis.

Mr. OLSON: Is that 5 or 10 per cent, or what?

Mr. PURNELL: I do not know how many farmers would actually be eligible for it. We have 73,000 farmers classified by census figures, Mr. Olson. I would like to give you the trend, if you will permit me. In 1966 the participation was approximately 8,000 farmers and in 1967 we expect 16,000 farmers; in other words, a doubling every year. This is partly attributable to the fact that the program is offered in additional areas each year and it is partly a matter resulting from the experience of farmers in the program.



Mr. OLSON: How long will it be until the entire province is covered, using these projections as a guide?

Mr. ENGLISH: In two years we would have 68,000 farmers, if it were to double each year. It would be 16,000 in 1967, 32,000 in 1968 and in 1969 we would have covered the province.

Mr. OLSON: Are you geared up so you can handle this kind of an increase, or is this more or less hopeful or wishful thinking?

Mr. PURNELL: This is one of the major problems. The staffing of the program is going to take some time. We feel that we are geared up to handle this, as far as 1967 is concerned. Beyond that, I am not in a close enough position to answer the question.

Mr. OLSON: Mr. Chairman, I will pass now but would you put my name down again so I can speak to the other five recommendations later on?

The CHAIRMAN: All right, Mr. Olson. Mr. Gundlock, on a supplementary.

Mr. GUNDLOCK: Thank you, Mr. Chairman. I would like to go back to page two, where Mr. Purnell stated in his brief that:

Nevertheless it would seem that the Board is in a position to obtain capital at an interest rate lower than that available to farmers.

I am sure that the farmers and the wheat board too would be very interested in where this capital is available.

Mr. ENGLISH: I would be very surprised if there were not sufficient moneys available to the wheat board to finance the marketing of western grain, so on that basis your question surprises me, Mr. Gundlock. Perhaps I am not interpreting your question correctly.

Mr. GUNDLOCK: Perhaps I am not interpreting the brief correctly because, as I read it, it said it would seem they could get capital at a lower rate of interest. Now where would they get it?

Mr. PURNELL: I am sure that you understand that most farmers face a limited capital situation. Their resources in their operations, because of this, are not in proper balance. They do not have an adequate amount of capital, generally speaking, to implement all of the new technological advances that they know can be profitable for them. Now, given these few extra dollars to invest in some of these techniques, they often can return considerable amounts above the 5, 6 or 7 per cent interest charges that may be made against borrowing. Therefore, we are suggesting, Mr. Gundlock, that all of the capital that farm people can add to their limited supply will assist them more than the 5 and 6 per cent, whereas the use of this capital by the wheat board is offsetting capital availability at, say, a market rate of interest of 5 to 5½ per cent that the board would have to pay for its operation capital over the years.

Mr. GUNDLOCK: You may or may not know, Dr. Purnell, but I have been very interested in farming operations for many years. However, I am still not clear when you say, on page two, paragraph two:

Nevertheless it would seem that the Board is in a position to obtain capital at an interest lower

Now where would it seem to you that that capital would be available?

Mr. PURNELL: I realize that interest rates in the market place have been increasing and that the board, as well as other Crown corporations and bodies, have had to increase the payments they make. Nevertheless, the main point here, Mr. Gundlock, is not necessarily the rate of interest for borrowing but the rate of return compared with the rate of interest in farm use, and there is quite a widespread difference. This is the point I am trying to make.

Mr. GUNDLOCK: I know full well. Just once again, let me ask you and I will then pass. From reading the brief, I feel that you must have something in mind, some pool of capital, if I might put it that way, because it is stated very clearly here, but your answers refer to another facet of financing.

Mr. PURNELL: My answer perhaps relates more explicitly to the sentences which carry on from the one that you are quoting, which say:

Furthermore, the farmer limited in capital can often put funds to work in his farm operation—

Which I have covered. As far as specifically stating the source of funds which might be cheaper than that available to farmers, I would only say that many farmers are not paying just the 5 per cent interest that is available for loans from the Farm Credit Corporation. For example, many farmers are paying interest rates on machinery loans and other current accounts considerably above the 5 per cent rates that may be in a person's mind as being regularly available to farmers. Therefore, the rates that the board would have to pay on the market would be much below the rates the farmers would have to pay for their current operating charges and so on.

Mr. GUNDLOCK: You are saying then, that the board would normally borrow from the bank at what is commonly called the bank rate of interest and then the farmer, over and above normal bank borrowing, as we commonly know it, would have to have money at higher rates of interest. That is what you are really saying?

Mr. PURNELL: It is all in one ball of wax rather than just one simple comparison of sources of credit.

The CHAIRMAN: Mr. Purnell, may I ask you a supplementary. What is the lowest rate of interest that the province of Alberta charges any farmer on any loan?

Mr. PURNELL: Five per cent.

Mr. CLERMONT: Mr. Chairman, there are many members of this committee who would like to ask questions but time will not permit. Because of this, may I suggest that we each, in turn, rise and introduce ourselves. I think this would be of value to the committee because I have heard the question put in the bus: Who is he? I would suggest that each member rise and introduce himself to the witnesses and to the other members of the committee? It will only take five minutes.

The CHAIRMAN: The Chairman is so knowledgeable of the membership of the committee that he never thought about this.

Mr. CLERMONT: I am making this suggestion, Mr. Chairman, because I have heard questions asked as to who a certain gentleman is. They wish to know if

he is a member of the committee, which riding he represents and which province he is from?

The CHAIRMAN: Would members, starting with Mr. McKinley, say who they are and what constituency they represent?

(Members introduced themselves see Minutes of Proceedings)

The CHAIRMAN: Everyone here will note the wide make-up of the membership of this committee. Members are here from all across Canada and represent nearly every profession and farming region in Canada. Many of the members of this committee are on several other committees of the House of Commons. They are quite knowledgeable on the other facets of the economic make-up in Canada.

(Translation)

Mr. CLERMONT: Mr. Chairman, the recommendation No. 2 is that initial payments be increased. Could that depend on suggestions? Would Dr. Purnell have suggestions? Have many suggestions and recommendations been made, namely, that payment to each elevator be immediately absorbed by the Canadian Wheat Board rather than paid by the producer. Another recommendation is that in August another initial payment be made to the producer.

(English)

Mr. PURNELL: I hope that I interpreted your question correctly, Mr. Clermont. With regard to the elevator company charges being absorbed by the board, I suppose one might say in an economic sense that it would not really make a great deal of difference, that in the long run the costs would be passed either back to the producer or on to the consumer by the system.

Mr. CLERMONT: What I meant, Mr. Purnell, was the country elevator. Is it not 4½ cents a bushel?

Mr. PURNELL: The country elevator? This is still part of the marketing charges that are involved and I would answer the question in the same way. Maybe I am wrong but that is my answer on that point, Mr. Clermont.

Mr. ENGLISH: It seems to me that there would be no purpose in having the wheat board absorb those charges unless it was understood that the government of Canada would pick them up as a subsidy to the producer. If it was paid by the wheat board at the time the grain was delivered and then charged against cost of operation, the grain producer would not gain.

Mr. PURNELL: The second part of your question dealt with initial payments being made in the month of August, I believe. This, of course, would be useful to the farmers, more or less, as an advance in order that they might cover these rising costs more readily. These costs, as we have illustrated here, certainly are rising and are experienced in the early months of the year prior to the harvest season. I, personally, would be sympathetic to that type of proposal.

(Translation)

Mr. CLERMONT: Mr. Chairman, Item No. 5 recommends that a member of the Canadian Livestock Feed Board should include a Western representative. This



was adopted by the Canadian Parliament last year. That was the last measure adopted by the Canadian Parliament in regard to the Canadian Livestock Feed Board.

(English)

Is that what you call the Canadian Livestock Feed Board?

The CHAIRMAN: Do you mean the set-up of that board?

Mr. CLERMONT: I think it was approved by Parliament.

The CHAIRMAN: Mr. Purnell is suggesting that a western member be on that board.

Mr. CLERMONT: Yes, I agree with him on that. However, will the western producer be willing to agree to a recommendation made many times in the past by what we call the UCC, representing the Quebec farmers, that an eastern member should be on the Canadian Wheat Board?

Mr. PURNELL: I cannot really answer this for the producers, Mr. Clermont. I would say that considerable attention has, no doubt, been given to this question in the past by many people with greater wisdom than I have.

(Translation)

Mr. CLERMONT: You mentioned, Doctor, that in 1967, 16,000 Alberta farmers will take advantage of crop insurance, and if I understood correctly, you said that they understood this insurance plan better. Would amendments brought last fall by the Canadian Parliament help a greater number of farmers to take advantage of this crop insurance Act? Or should other amendments be made by the Canadian Parliament to this Act?

(English)

Mr. PURNELL: I am not familiar with the amendments on the crop insurance program. I do know they were made but I am not familiar with these amendments. Mr. English would like to comment.

Mr. ENGLISH: The amendment which is really significant here, I think, is that the federal government now contributes 25 per cent of premiums paid into the indemnity fund of the provincial insurance schemes. That will help to some extent. I am familiar with the original act providing crop insurance. There were 20 per cent of premiums payable at that time by the federal treasury. However, because of the way it was applied, the provinces actually got 25 per cent of the premiums paid and whether, in actual practice, the adjustment increases the amount to 30 per cent, I am not prepared to state. I think, perhaps, there is no change in that regard.

Now the matter of insuring 80 per cent of an average crop, increased from 60 per cent, is a matter which, I think, will be largely ineffective because the insurance rate would be so high as to discourage the producers of grain. Perhaps in the case of potatoes, where the yield varies so slightly and yet makes a considerable difference to the farmer, as it must do down in Prince Edward Island, there may be some point to it. It may help the farmers growing potatoes or like crops.

I might say that in my studies of the hail insurance, if the coverage in the Hanna area is reduced from 60 to 50 per cent, there is a reduction in rate from about 16 per cent down to just over 9 per cent. Now to raise it from 60 per cent to 80 per cent, I understand, would mean that premiums would have to be raised appreciably.

(Translation)

Mr. CLERMONT: My last question, perhaps not on the brief exactly, I noted that more than 50 per cent of the farm income is from the sale of farm animals. Last year I read an article about sheep farming in Alberta and I note in Annexes supplied to your brief, that sheep farming in Alberta is on the decrease, is this so?

(English)

Mr. PURNELL: Very definitely so, and I do not think it is restricted to the province of Alberta. The sheep industry in on the decline; the numbers are diminishing each year, and there are very many reasons for such a decline. These are not restricted to just the primary producer but permeate the entire trade in connection with mutton, lamb and so on.

(Translation)

Mr. CLERMONT: The article I read, Mr. Chairman—

(English)

"Alberta puts Sheep to the Test." It was by Mr. Honey.

Mr. RAPP: Mr. Chairman, I fully agree with the suggestion that the initial payments should be higher than they are at the present time. However, your brief does not mention any figure, and I think a better purpose would have been served if a figure has been mentioned. What I am actually disturbed about in respect of the international wheat agreement is this. It is no secret that our neighbours to the south are not very interested in having the high and low price raised by about 25 cents for the simple reason that it will, perhaps increase our production and thus in competitive trade they may lose some markets. The agreement had expired in 1965 and negotiations were postponed because the United States made strong representations at that time not to review it or do anything until next year. I think, when negotiations take place in Geneva this year, farm organizations, pools, UGGs and so on should come out with a strong recommendation that the high and low payments under the international wheat agreement should be increased by at least 25 cents per bushel. Sure, we would like to have 50 cents but let us try for something that we may have a chance of getting.

The CHAIRMAN: What are you asking Dr. Purnell?

Mr. RAPP: I am asking that when they or any other organization present briefs to parliament, they should present a definite figure.

The CHAIRMAN: You are asking Mr. Purnell to be more specific then?

Mr. RAPP: Yes.

Mr. PURNELL: Thank you, Mr. Rapp. I feel the very complexity that you have suggested here with respect to international relationships, non-monetary sales of grain, and non-commercial sales that can take place through public operations in the United States and through other programs in various countries is the reason we are not suggesting a specific figure. We are not this knowledgeable about all of the ramifications that exist. We are recommending that those people who are in a better position, those people who are fully knowledgeable weigh these various factors and after weighing them, if possible, increase the prices across the board.

Mr. RAPP: At the same time, our people in Geneva who will renegotiate these agreements should know exactly what the feelings and demands of our agricultural industry are.

Mr. SCHREYER: Dr. Purnell, I realize that it is sometimes difficult to give specific information and figures but would you not agree that a reasonable proposition would be that the initial payment could be increased by an amount approaching the lowest of the final payments made during the last ten-year period? I believe that the lowest of the final payments, with respect to wheat at least, was in the order of 35 cents in the last ten years. Therefore, it seems that on the basis of the experience of the past ten years that the initial payment could be increased by an amount approaching that figure—and certainly by 20 cents because an increase of 20 cents would still leave it below the IWA floor. There is nothing imprudent about that kind of action.

Mr. PURNELL: My answer to that would be to agree that a specific figure moving in the direction of or very close to the minimum amount of final payment, to be taken into account in the initial payment, would be very much in order. I would, however, suggest rather than the ten-year period that the five-year experience would probably be just as logical to use as the ten or twenty-year experience. Although I recognize that the five years may be rather brief, it is certainly indicative of trends of the time.

Mr. SCHREYER: You would agree then, Dr. Purnell, that it would not be an imprudent course of action to advocate an increase in the order of 30, 32 or 33 cents?

Mr. PURNELL: That is correct.

Mr. JORGENSEN: Mr. Chairman, my question deals with the concluding remarks in Dr. Purnell's brief in which he requests some clarification or interpretation of Section 39 of the Canadian Wheat Board Act. I wonder if Mr. Purnell would tell us precisely what troubles him about that particular section of the Canadian Wheat Board Act and what recommendations he would have for changes?

Mr. PURNELL: I cannot speak specifically to the wording in the act. I would say, with regard to the thing that concerns us, that it appears that in accordance with the act the definition of "works" includes elevators, feed mills and seed cleaning mills. Now, pertaining to the seed cleaning mills, the province of Alberta has a specific program wherein co-operative activities of farmers who require and need assistance for establishment of seed cleaning plants, can obtain assistance through the provincial government. It seems to us that if this assist



ance is forthcoming from the provincial government, and it has given assistance to the extent of covering over 50 seed cleaning plants in this province in the past, that recognition be given to the role of the provincial government with respect to these seed cleaning plants.

Mr. JORGENSEN: My recollection may be wrong but during the referendum of, I believe, 1948, was this not one of the things that were agreed upon by the people of the province, that these particular feed mills, flour mills and so on would be declared works for the general advantage of Canada?

Mr. PURNELL: I cannot vouch for this, or agree or disagree with it. But, if this is so perhaps, as in many things, changing times require a review of this situation and this is what we are asking for, that amendments to the legislation be made to recognize these principles and that consideration be given to the changing situation.

Mr. JORGENSEN: You are suggesting—you made particular reference to seed cleaning mills—that they be exempt, that they simply be removed as “works” for the general advantage of Canada. Can you tell me if your seed cleaning plants deal exclusively with grain moving within a province. Is it received and sold within the province, or does grain received at those plants move in inter-provincial channels?

Mr. PURNELL: I do not know of any instance where there are interprovincial movements. However, Mr. English may have a comment on that.

Mr. ENGLISH: I am not familiar with the detailed operations of our seed cleaning plants. However, most of them are owned by municipalities and co-operating farmers. They clean the seed which is brought to them by each farmer, who takes back his own grain. They should not be and are not, as far as I know, agents of the board. There may be some public seed cleaning plants. If so, they are and should be considered agents of the board.

Mr. MOORE (*Wetaskiwin*): I have a supplementary. Is it not correct that these seed cleaning plants, under certain conditions, may have to bring in seed from other provinces, in the case of a shortage in one province? Possibly they might also have to ship seed out to another province.

Mr. PURNELL: This could happen but it does not very often happen. I would say that over 90 per cent of the business of these co-operative plants, at least the ones that we are talking about, is local.

Mr. MOORE (*Wetaskiwin*): I suppose a general frost or other factors in a certain province could cause this to happen, or a shortage?

Mr. ENGLISH: Twenty years ago there were a great many thousands of bushels of seed oats shipped to Saskatchewan year after year. That situation is not likely occur since the demise of the horse.

Mr. MOORE (*Wetaskiwin*): Yes, I remember this happening in the past?

Mr. JORGENSEN: Since the Canadian wheat board have been given the authority, in spite of the fact this authority has been challenged on occasion in the courts, for the interprovincial movement of grain—I might say the courts have continuously upheld the power of the board in this respect—have you given

any thought to what effect the removal of these plants as agents of the Canadian wheat board would have on the jurisdiction of the board on the interprovincial movement of grain?

Mr. PURNELL: To the extent that any major portion of the business coming to these seed cleaning plants is interprovincial, it could create some problems for the board. We recognize this. But we do see that most of this is, as we say, local business fact—a very large percentage of it—and we feel that consideration could be given to amendments in accordance with that situation.

Mr. JORGENSEN: I am sure you must be aware, Dr. Purnell, that several years ago amendments were made in the regulations of the board which permitted off-quota grain to be delivered to feed mills. Is this not sufficient to take care of the situation that you are talking about at this time?

Mr. PURNELL: Perhaps in part but not entirely. We feel, generally that if the role of the provincial bodies could be more readily recognized through this legislation, then this would take care of the problem.

Mr. JORGENSEN: One other point I would like to bring up is in respect of section seven of your brief, dealing with emergency assistance. What do you envisage would be necessary to take care of situations you describe in your brief in addition to existing crop insurance legislation? I am not familiar with the type of crop insurance legislation you have in this province, but do you not feel, to a large extent, that where crop insurance is applicable in the areas you have extended it to, that crop insurance will not cover the type of crop losses you suffer in this province. Or, do you feel something additional is required?

Mr. PURNELL: Where crop insurance has been extended, generally speaking, it can very greatly facilitate the handling of problems of this kind. Mind you, it has not been extended to all areas and previously, in 1966, it was not advisable to the areas we have specifically mentioned. In addition, because of crop loss experience in some of these areas the premium rates could be such that the crop insurance program may not be adequate to cover the needs of an area because of the fact, as you know, crop insurance is implemented on a wide-scale basis. There may be pockets within a region which require some income assistance in periods of poor climatic conditions. The crop insurance would not be implemented in an area of this kind because it would not necessarily be applicable in the pockets.

Mr. JORGENSEN: I wonder, Dr. Purnell, if you could tell me what manner of crop loss was sustained in those areas. What was the cause of crop losses?

Mr. PURNELL: The cause was inclement weather sometimes excessive rainfall, poorly timed rainfall or no rainfall at all. These were experienced repeatedly from year to year, and in order to qualify for any emergency crop assistance the losses had to be demonstrated as having been experienced over a period of time and covering a general area.

Mr. MOORE (*Wetaskiwin*): Could I ask a supplementary, Mr. Chairman. I happen to be from an area where this situation was the case. The areas that needed crop insurance more than any other were the ones without it; in other words there was no assistance for these people. This was due to excessive

moisture in the gray wooded area in west central Alberta. I am beginning to think that the crop of insurance so far, at least, has helped those people who needed the help least and has covered the areas where there was the least risk. Is this correct or could you comment on that?

Mr. PURNELL: When the four pilot areas were implemented in the province, in 1965, when crop insurance started, variations were taken into consideration. They picked areas with good experience and areas with poor experience. They could not cover all areas with both good and bad experience. The pilot program, as defined, of course would try to take into account these variations.

Mr. MOORE (*Wetaskiwin*): Will these areas be covered shortly or will the higher premiums rule them out?

Mr. PURNELL: Some of them will be covered and some of the areas will be ruled out because of premiums. I would like Mr. English to comment on that too.

Mr. ENGLISH: The area in which you are interested, Mr. Moore, or at least that you are acquainted with in the western area of your constituency, is an area with a good experience in so far as yield is concerned. Of course, as you know, it is water rather than drought that has caused them distress in the last two or three years. In the northern part, the area now giving concern, two years ago the extreme northern part of the Peace River district was extremely wet. The last two years it has been extremely dry which, again, is unusual for that district.

Mr. JORGENSEN: I think, Mr. Chairman, that I have built sufficient launching pads for Mr. Moore's missiles.

The CHAIRMAN: This is why I object to supplementary questions, because it generally takes away from the questioner what he has in mind.

Mr. DANFORTH: Mr. Chairman, I am certainly impressed by this brief presented by Dr. Purnell and Mr. English, and their added comments represent a lot of background information and research. Dr. Purnell, I would like to deal with one specific point in the brief listed under No. 4 where you suggest a federal-provincial review of wheat board control of feed grain sales. Do you not feel under this new Canadian livestock feed grain agency that will be set up that such a procedure will be necessitated by the very scope of the power given to this board?

Mr. PURNELL: No, I do not. I may not be fully familiar with the powers of the board but such things as freedom of flow in interprovincial non-quota grains, I think, would not necessarily come under the jurisdiction of that board but rather continue under the jurisdiction of the Canadian wheat board. In that respect this is one of the main purposes for asking for a federal-provincial review for this point and other related ones to be taken into account.

Mr. DANFORTH: Under No. 4 where you elaborated, it was not possible, I know, to elaborate to the degree you would wish to but are you advocating that restrictions be lifted concerning interprovincial flow of coarse grains—feed grains?

Mr. PURNELL: We are advocating that a review be made of the situation and if that review reveals that it should be lifted then this would be the answer. But,



we are not suggesting the answer. I think we mentioned this before. I am not prepared to suggest one answer as compared with another. There are considerable materials in Kerr's report which could serve as a basis for such an intensive investigation by federal-provincial committees or groups.

Mr. DANFORTH: Dr. Purnell, is corn itself included under the coarse grains in the west? Is it included as one of the controlled crops?

Mr. PURNELL: No, it is not.

Mr. DANFORTH: There would be no concern or legal opposition, then, to prevent a flow, say, of Ontario corn as a feed grain into the three western provinces?

Mr. PURNELL: Not that I know of. It may be there but I do not know of it.

Mr. DANFORTH: I speak of this because in the east we are very much concerned about the fact that because of tremendous sales of wheat there may be a drop in production of what we consider vital feed grain. Now, in your study of this situation, and I am sure you have gone into it in detail, is there a trend now in process in the west towards the decreased plantings of coarse grains?

Mr. PURNELL: I would like Mr. English to comment on the trends in coarse grain production.

Mr. ENGLISH: The production of oats and the acreage devoted to oats is gradually decreasing but barley is perking up. I do not think Alberta ever produced more than about 119 million bushels of barley in any one year until 1966. The areas in which most of our barley is grown produced just about an average crop in 1966. Our production was 154 million bushels of barley. While our oats are diminishing, we are concerned that farmers in Alberta will grow oats until they cannot sell them any longer because the demand for oats is decreasing. We are surprised that the price of oats is staying up as high as it is as compared with barley.

Now, Mr. Olson's question precipitated a discussion about the sensitivity of agriculture in Alberta to competing markets, livestock or grain. I think this Committee would be interested to know that we have a very knowledgeable group of farmers in Alberta who can roll with the trends. In 1940 Alberta farmers seeded 8.6 million acres to wheat. In the years that followed they got down to as low as 54 per cent of that acreage, around 4.6 million. Now we are gradually creeping up in wheat, but as Mr. Olson and Mr. Horner know, certain parts of our province are ideally adapted to wheat. As a matter of fact, they stand on the same scale as the Saskatchewan wheatlands.

When our farmers in those areas are forced to go out of wheat because of low price they are going to compete with our livestock producers. There is some discussion among farmers in our central and northern areas who say they want the price of wheat to say up, not because they have it to sell or that they can compete with the other boys, but if they go into livestock production in any way it will put pressure on our prices. Now, in 1940 Alberta sold about 100,000 butcher steers and heifers. Now it is up to not far from three-quarters of a million butcher steers and heifers and the grades have increased from 25 to 30

per cent of good and choice to 80 per cent to 85 per cent. So you will understand that we do have a sensitivity to resource use in agriculture in Alberta and I do not think any province in western Canada comes anywhere near the changes that have taken place in Alberta.

The few figures I have used as an illustration of this should sufficiently convince you that we have a situation that is responsive to many factors. The fact that our wheat is now paid for on the basis of Vancouver freight rates may give some advantage to the wheat grower, but so many parts of our province while they will grow wheat, do not produce a quality desired in most of the foreign markets.

MR. DANFORTH: Mr. English, to get the information I would particularly like to get, may I put it this way: If there is an increased demand for Canadian wheat, which we are hoping for and anticipating, and with the increased livestock production in Alberta which you have pointed out, do you foresee that Alberta will be using more of its own available feed grains? That the feed grains themselves in acreage will be fewer in number and that there will be less feed grain available for eastern Canada if these present trends continue?

MR. ENGLISH: I wonder if this would be an answer to you Mr. Danforth? As long as you depend upon the west for your feeder cattle you will have grain to feed them. You will have grain to feed all the cattle you receive from the west.

MR. PURNELL: May I, Mr. Chairman, comment briefly on this question? The points I tried to bring out in the brief, related to the expansion of production, I think would come back to your point. We have 6.5 million acres of summerfallow, some of which—not all—could be transferred to production of feed grains. We have several millions of acres of arable land which is yet to be developed which can, in part at least, be used for feed grain production. Therefore, I would anticipate, as we use more fertilizer, the yield per acre and so forth can bring forth increased production and given suitable price relationships the response will take place and there will be an adequate supply.

THE CHAIRMAN: That is the most important thing—a suitable price relationship. Are you done, Mr. Danforth? We are going to have to speed along in order to be fair to the other witness who are going to appear before this Committee. We have two members that have not asked questions and who have signified their desire to do so, first of all, Mr. Côté?

(Translation)

MR. CÔTÉ (Nicolet-Yamaska): Mr. Chairman, my question is directed to Mr. Purnell or his colleague in regard to crop insurance. When a farmer applies to crop insurance, what sum of money must he invest to protect an acre of wheat or an acre of potatoes. What does the provincial government, what does the federal government contribute toward the premium and what does the farmer have to pay?

(English)

MR. ENGLISH: Premiums in Alberta would vary all the way from about 8 per cent to 16 per cent. The 16 per cent, of course, is in the area we feel is rather dubious. It is a very high risk and it is not planned to enter that area just at the

moment. About 9 per cent and 60 per cent of an average crop of wheat, 20 bushels, is about 14 bushels of wheat priced at a \$1.50. It is sometimes priced at about \$1.75 but that is up to the board. This would give about \$21. At 10 per cent the farmer would pay \$2.10 per acre and that would be about the average for Alberta.

(Translation)

Mr. CÔTÉ: And the provincial government pays the same amount, is that right, I think the proportion is a third—a third paid by the federal, a third by the provincial and a third by the producer, is not that the case?

(English)

Mr. ENGLISH: The federal government pay 25 per cent of all farmer premiums paid. The federal government contribution goes into the indemnity fund and the provincial and federal governments divide the administration costs. Administration costs will likely be about 25 per cent of premiums. So, altogether the governments, between them in one way or another pay 50 per cent of the amount paid into the indemnity funds by the farmers.

(Translation)

Mr. CÔTÉ: If I understand correctly, the farmer pays 60 per cent of the premiums where production is normal. When I put the question to you to find out what sum of money would protect an acre of land, that would mean, if I understood your reply, that the farmer insures an acre of land for about 60 per cent of an average crop, is that it?

(English)

Mr. ENGLISH: No; I think your 60 per cent comes from the point that the farmer is insured or guaranteed 60 per cent of an average yield. That is where your 60 per cent comes in. But he pays the calculated amount of premiums that is indicated by the risk involved. Do you get that?

The CHAIRMAN: Mr. English, if I may, to inform Mr. Côté, all of this is in our previous proceedings on the rates for crop insurance and quite detailed. I am sure that when we get back to Ottawa and the Committee meets again we can go over this. But it is all outlined in great detail in those Committee proceedings. Do you have any further questions, Mr. Côté? Mr. Peters, did you have a question?

Mr. PETERS: Yes I have two questions. First, you mentioned that we had to find some way of improving the transportation system and you mentioned the difficulties which have occurred with regard to stock car shortages. What is the relationship in western Canada between the railway and the type of freight they are willing to handle and the operation they have in providing facilities for handling produce? You mentioned the shortage in this one field but we also hear of shortages in certain sectors of grain handling.

The CHAIRMAN: May I say something, Mr. Peters? I received a telegram here today—it was not from my wife—to the Chairman of the Agriculture Committee meeting in Calgary.

We are worried about slow movement of out of condition grain from the Peace River country elevators especially Nampa and Eaglesham



elevators are congested and railway cars not being spotted in sufficient numbers to move all damp grain before the spring.

This will supplement your question.

Mr. PETERS: We are well aware of the reluctance on the part of the railway to supply cars for low-cost grain handling and probably it is the same with stock where there appear to be other products that are more advantageous from their point of view. What steps does the provincial government take to insist on or to regulate the flow of cars? For instance, this problem which has arisen; what have you done to eliminate the problem in Peace River of the damp grain where the railway does not seem to have done enough?

Mr. PURNELL: Just moral support to improve the situation. We do not have any real authority in this field of transportation.

Mr. PETERS: Do you feel you should have more authority in the operation and control of box car movements for grain?

Mr. PURNELL: Not necessarily; I only consider that the industry needs the services of the transportation facilities and if these services are not forthcoming the service group need very seriously to look at the future. If they cannot meet the needs today, what about the future when we have this expanding production coming to face us because of increasing global, national and provincial demands? I certainly feel that increased planning by these agencies is necessary. Now, this is outside of the jurisdiction of the province.

Mr. PETERS: You are talking about the service industry? What are you referring to, then?

Mr. PURNELL: Railways.

Mr. PETERS: Canadian National or Canadian Pacific?

Mr. PURNELL: Both.

Mr. PETERS: Yes, but what action should we take, then, to make sure that this type of problem can be eliminated. If we damn well leave it up to the railways the railways will say: we will put the cars there when we want to and not when you need them. Now, we as an agriculture committee, in view of the considerable transportation subsidy, in my opinion have some justification in asking the railways to put in 50 or 100 box cars in an area where the need is very great. I am sure this is true with the stock cars. I know the railways do not like handling stock if they can handle something else, because there is no money in it. What is your recommendation? You mentioned it, so what is your recommendation to the Committee? How far do you think we should go into this? Who do you think should control the movement of this service industry? Obviously, the industry is not doing it and you have indicated that yourself.

Mr. PURNELL: We would not be prepared to make very many explicit points on that matter, Mr. Peters. I would just say, inasmuch as transportation regulation falls under the jurisdiction of federal legislation, that an effort should be made to ensure adequacy of facilities and to encourage objective external studies to be made on the needs and growing demands outside the transportation agency. You have a man in the room, I think, who is quite knowledgeable about the transportation facilities.

Mr. PETERS: We heard from one of the CPR officials that there is no problem in grain movement and now we learn there is a problem in specific areas.

The CHAIRMAN: I should say this telegram was sent by a Mr. Hibbard Director, District 2, Farmers Union of Alberta.

Mr. ENGLISH: Mr. Peters, I think you will recall that on occasion the federal government has appointed a commissioner in charge of the allocation of these box cars. They obviously have the authority but it is not exercised or needed all the time. But there are a lot of fringe inconveniences that are not taken care of even when—

Mr. PETERS: May I ask you, when the federal government did exercise that jurisdiction with a commissioner, did this eliminate the problem in small communities where service on branch lines was difficult? Did this eliminate the problem of shipment?

Mr. ENGLISH: It was an extreme case and we were all inconvenienced at that time.

Mr. PETERS: Was the commissioner an advantage in solving these problems?

Mr. ENGLISH: I cannot answer that question.

Mr. PETERS: It is history. The last question I would like to ask—

The CHAIRMAN: Mr. Peters, you might remember that last transportation legislation which was passed. It gives this new board some wide review powers and we hope this will eliminate some of these problems.

Mr. PETERS: Are you not fearful? You are asking for three types of assistance to farmers in Alberta. One of them bothers me because I do not understand it entirely and I think it is an asset you have in western Canada which we do not have in eastern Canada, namely, PFRA. You have PFRA which is an assistance program, Prairie Farm Rehabilitation Act, which you pay money into and receive benefits from. You also have crop insurance which the federal government participates in.

Mr. WATSON (*Assiniboia*): PFAA.

Mr. PETERS: Yes, well I said I did not know much about it. The other one, the crop insurance plan, is a joint program but you are also asking, as I understand it, for the extension of the other program which is strictly an emergency assistance program where the provincial government declares an area to be a disaster area and asks the federal government to pay 50 per cent of the cost of disaster payments. Do you not feel that if you take advantage of the emergency program you will lose the advantage of at least the other one?

Mr. PURNELL: The Prairie Farmers' Assistance Act is, incidentally, one to which the farmer himself contributes in a semi-insurance program, Mr. Peters, as you know and so, therefore, it is not strictly one of federal or provincial governments assisting the farmers, although there is some degree of assistance involved. It only acts as a very minimum guarantee or floor and it is not one that has been completely helpful, and this is one of the reasons for implementation of crop insurance. I would not expect that crop insurance, as we have explained

already, would completely meet the needs of emergency assistance to farmers as PFAA has not met the needs of farmers in assisting them in the emergency program.

Mr. PETERS: Would each one be in a separate category of need?

Mr. PURNELL: I do not know exactly how the criteria would be set up but all three would not necessarily be serving the same area. We would expect the emergency type of assistance to be aiding in the areas that would not be covered, say, by crop insurance or not adequately assisted by PFAA.

The CHAIRMAN: Mr. Watson are your two short questions like Mr. Peters?

Mr. WATSON (*Assiniboia*): Mr. Chairman, it seems one of the penalties of coming late is that you always want real short questions. I wanted to refer specifically to paragraph and Mr. Jorgenson covered this fairly thoroughly. There was one question which, I believe, Mr. English replied to that I was not quite clear on. This was the point of his reference to the co-op or government cleaning plants in relation, as I understood it, to private cleaning plants. I wanted to clarify the point he tried to make as to who should and who should not be in this business.

Mr. ENGLISH: In Alberta we have co-operative seed cleaning plants. They are financed—I am not sure of this—about one-third by the farmer, one-third by the municipality and one-third by the provincial government. Their purpose is to clean for those farmers who co-operate in providing the one-third capital and operating expenses of the plant. Their purpose is to clean their co-operating members' grain. There is no reason why they should be licenced as agents of the wheat board. It is simply that.

Mr. PURNELL: There may be private concerns also which set up their own seed cleaning operation, perhaps in connection with a line elevator, and so on, that can and does clean seed. This is a separate group from the co-operative seed cleaning plants in the province.

Mr. WATSON (*Assiniboia*): Are you suggesting that they should not be in the business of cleaning seed grain?

Mr. ENGLISH: They should not be required to be licenced under the wheat board.

Mr. PURNELL: We are not suggesting anything with respect to the restriction of operation.

Mr. WATSON (*Assiniboia*): Again, referring to question number six, Mr. Peters covered transportation. In your last paragraph you refer to railways also having to improve transportation facilities and before that you relate it to industry examining its grain handling facilities. I presume you were referring to the elevator companies specifically here. What recommendations would you have for the railways in their transportation set-up to make their facilities for handling grain more economical?

Mr. PURNELL: I am not really prepared to answer this question. There are so many things that enter the picture. Mr. Channon who is present in this room and was seconded, I believe to your Committee, is much more knowledgeable about



this area than I am or will be. His area of investigation has great interest for me and, I think, holds considerable amounts of possibilities and potential. There are so many things that might be suggested that we need, I think, to have better grounds for these suggestions than to make off-the-cuff-comments, Mr. Watson.

Mr. WATSON (*Assiniboia*): Dr. Purnell, this is your brief, I believe, and you have made the suggestions. If you have made the suggestions you must have some basis for making them. Therefore, you should have some recommendations. I think this could be carried on in your summaries numbered 1 and 2, referring to the prices of grain. These are very general statements that we can only agree with, but referring to what some of the other members mentioned, you did not come up with any recommendations. I would like to ask you whether you think number 1 or number 2 is the most important recommendation? Which one are you putting the most emphasis on, the increase in the initial payments or on the—

Mr. PURNELL: The increase in the total payment; the realization of the farmer is the most important single factor. Wherever that can be achieved, this would be the most salient point.

Mr. WATSON (*Assiniboia*): But you still do not come up with any recommendation that it should be at least 50 cents a bushel based on studies that the government has made. I was very interested in page 6 of your brief where you refer to the amount of fertilizer in Alberta, and also you state in number 7 that Alberta has 10 or 12 million acres of potential farmland which is over 50 per cent of the arable land in Canada and this can still be developed for agricultural purposes. But you still had to refer to Saskatchewan, which is the province I come from, to come up with some figures for what it cost to work an acre of land in producing wheat.

Mr. PURNELL: Mr. Watson, as I mentioned in my comments earlier, we have data on production costs in Alberta with regard to many commodities; oil seeds, barley, oats, and wheat as well. Unfortunately our program of studies has not been implemented over as long a period as some other areas. In respect of wheat production costs, for example, I can give you figures that show the production costs in Alberta running at \$15 per acre and \$12 per acre for 1963-64. But other than these I cannot give you specifics for general costs of production. Again, let me reiterate, it is not within the scope of our position to consider all the various ramifications that are involved in suggesting exact figures for international wheat agreement prices even though we might go to work and bring together a lot of data with respect to production costs. There are so many other ramifications entering the picture that we are not prepared to state a specific figure.

The CHAIRMAN: I am going to suggest to the Committee at this time that we discontinue the line of questioning to Dr. Purnell and Mr. English and hear the report from the Alberta Pool who have been patiently waiting. I have still in front of me a long list of names of people who want to ask questions. Some of these questions could, perhaps, be asked of the Pool. I have not had time to read their brief. Some of these very same statements that Dr. Purnell is making in answer to your questions might fit in. Also, if the Committee wants to question Dr. Purnell and Mr. English further, you have the power to call them to Ottawa,

so long as you pay their expenses, and have them before the Committee again. We are never going to get done with the Alberta pool and we should hear their brief and have some questions on their brief. Is the Committee agreeable to this?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: Dr. Purnell would like to make one final comment.

Dr. PURNELL: I would express sincere appreciation to the Committee for hearing us. I would, in answer to some of these questions, point out that we do have a considerable number of studies that have been made over the years and if any of these reports, which I do not have with me today, could be of use to you we would be most pleased to make them available to the Committee, Mr. Chairman, either in the near future or immediately upon your return to Ottawa. We are very happy to give this co-operation.

The CHAIRMAN: On behalf of the Committee, I would like to say we certainly appreciate the submission you and Mr. English have made and your appearance before the Committee. I am sure you have been helpful to the Committee and we would appreciate any information you can send to us in Ottawa that pertains to your brief. Thank you.

Does everyone have a copy of the Alberta Wheat Pool presentation? Mr. Nelson Malm, First Vice President of the Alberta Wheat Pool, will make the presentation and he has several of his officials with him. I would like to ask Mr. Malm before he starts his presentation to introduce his officials and give their position and firms.

Mr. NELSON MALM (*First Vice President, Alberta Wheat Pool*): I have with me here, Mr. Chairman, and gentlemen, to my immediate left, Mr. Allan Macpherson, Second Vice President of the Alberta Wheat Pool; Mr. Allan Gibson, Director of Publicity, Alberta Wheat Pool; Mr. Lloyd Nowlan, Operations Manager of the Alberta Wheat Pool. We had one more gentleman here, Mr. Harbrun, who will be here in a moment. He is Manager, Sales and Traffic. We also have some gentlemen sitting back here whom I would like to introduce to you at this time. They are officials of the Alberta Wheat Pool. We have Mr. Rosenberger, director of the Alberta Wheat Pool; Mr. Broughton, secretary, Alberta Wheat Pool; Mr. Friesen, economist with the Alberta Wheat Pool, and we have a gentleman we regard very highly, our retired Superintendent of Publicity, Mr. Nesbitt. We expected our general manager, Mr. Baker, to be back here before this. He had another appointment and unfortunately he has not been able to get back yet. These are some of the people we have here.

Mr. Chairman, members of the House of Commons Standing Committee on Agriculture, Forestry and Rural Development, we have prepared a brief which we hope will answer some of your questions.

We are pleased that members of your committee saw fit to arrange this tour of western Canada to acquaint yourselves with the area and some of the operations of the Canadian Wheat Board, and that you were able to work in a stop here in Calgary. We have no lengthy submission to make, but welcome the opportunity to meet with you, offer a few comments, and probably answer some of the questions which may arise as a result of your visit. I also want to mention in presenting this brief that our President, Mr. Harold, was not able to be in

attendance and present this brief because he was called to Winnipeg in connection with some matters dealing with the Canadian Wheat Board.

We have no Expo '67 as such in Alberta, but Canada's birthday is not going unnoticed here despite the fact that this area was still only a buffalo pasture and game sanctuary at the time of Canada's Confederation. Alberta as such is one of the late-comers to the family of provinces which make up this nation, having attained the status of a province only sixty-two years ago. This, however, does not lessen our enthusiasm for the nation of which we are justly proud, for we are part of a region with a history of some commercial significance and maybe greater in proportion than our years of adulthood.

Commerce began here some 297 years ago when King Charles II granted a charter to his cousin, Prince Rupert, and a few friends to trade in the virtually unknown region westward from Hudson's Bay on this continent. Their trading area was the expanse of land tributary to the highways of the day, that is, the rivers that wound their way eastward from the Rocky Mountains to the north Atlantic. Many of you are familiar with the exciting history of these years thanks to the works of numerous good researchers and writers of modern times who have taken an interest in the great heritage which is ours.

There is considerable romance to the days covered since the year 1670, but the most romantic and progressive, we believe, is that in the period since agricultural settlement and development began on a serious and substantial basis. The people who chose to stake their future welfare on this unknown region were for the most part the adventurous and industrious men and women from their communities. This was fortunate, for they came to an area to develop industries, commerce, and social and educational institutions where none existed before. Their problems can hardly be numbered. There were no surveys, no soil maps, very little climatic data, few commercial institutions, a lack of transportation, and if not neglect, neither was there a great deal of participation and encouragement by government. Adversity, however, sometimes has its virtues and the numerous obstacles in the prairie regions have resulted in a record of progress, which, we think, the nation can view with some pride. Not the least of this has been in the fields of commerce concerned with agriculture, and much of this has been developed by farmers themselves as an extra burden to their immediate and daily tasks of earning a living.

The growth of commerce in any region involves progress in several directions, beginning with the exploration for and exploitation of raw materials processing, marketing, and transportation. We are, of course, most familiar with the grain sector of agriculture, as grains were the items for which the prairie seemed naturally suited, and which led more than any other reason to the rapid opening up of the vast region between the Great Lakes and the Rockies. Development of grain growing on a commercial scale started in the 1880's and was co-incident with the immigration policies of the day and the development of railroad transportation. In fact, it did slightly precede transportation in many areas, and still does. Some of the settlers in our newly developing northern area haul grain fifty to sixty miles to market, and as recently as five or six years ago some had a haul of a hundred miles or more.



The building of a nation-spanning railroad was a tremendous undertaking, and its completion was a great tribute to the policies of that day and to the men who brought them to reality. The prairie regions would have developed much more slowly had the railroad been built at a later date, and the entire nation's progress would have been held up proportionately. But, the circumstances of the times also led to situations which were none too advantageous to the farmer.

The early railroad companies, rightly interested in transportation itself, left the establishment of facilities for the assembly and initial marketing of grain for others to develop, but in offering inducements for this purpose, inadvertently created semi-monopolistic situations which became a great hardship to the producer. These provided a stimulus for organization by the farmers for the initial step beyond production, the handling and merchandising of their products. You will appreciate, Mr. Chairman, and members, that in the 1880's and 1890's, as grain production on a commercial scale began in the province of Manitoba, the first requirement was markets outside of the prairie region and, very soon after, outside of Canada itself. Initially of course, there were no markets beyond local use, none for outside of the prairies, and, of course, none for export. In your visit you will, no doubt, be hearing in detail about the development of marketing facilities in Winnipeg. We, therefore, will not burden you in this regard, except to say, we believe that the grain producing industry developed much more rapidly than did the facilities and institutions to handle these crops and market them to the advantage of the producer.

The semi-monopolistic situations which we referred to earlier arose out of curtailed competition at local delivery points. The railways, in an attempt to attract builders of facilities, granted privileges which in some cases resulted in a lack of competition at the elevator point. Where only a single facility for receiving grain existed, farmers making deliveries were largely at the mercy of the operator. You can well imagine what this led to. The elevator operator with a limited number of bins and space on a given day might only be able to receive No. 4 or No. 5 wheat, and producers with better grades in their wagons had the choice of settling for those grades, or taking their grain back home.

The future's system of trading as practiced on the Winnipeg market, while in theory was not without attribute, never won the confidence of the grain producer. In fact, it earned more contempt than confidence, and possibly for good reason.

The combination of these situations and numerous hazards in the production of grain led to agitation, and later to organized efforts to improve conditions. Legislation was developed to establish grades and conditions of handling. The first of these provisions were contained in the Manitoba Grain Act of 1900. This Act was amended and expanded, as occasion arose, and finally developed into the Canada Grain Act of 1912. This act also received a major revision in the early 1930's. With numerous amendments, this legislation and its administration brought many improvements for the producer in the form of fair grades, honest weights, and accurate dockage. By establishing high standards, the Canada Grain Act gave Canadian wheat the highest status and a most enviable reputation on the world's markets.

Co-incident with these developments, farmers were organizing to improve conditions at the delivery and marketing levels. The first step of a substantial nature occurred in Saskatchewan in the year 1906 and led eventually to many improvements. Although it seemed a monumental task, it was uppermost in the minds of many farmers from their earliest introduction to grain producing and the orderly system of grain marketing would be beneficial. Bearing in mind that it had been necessary almost from the beginning to find export markets for about three-quarters of the wheat production in western Canada, and that the production of grain fluctuated from year to year for reasons largely out of the farmer's control, it seemed logical that a selling system was needed which could to some degree at least withhold stocks of surplus grain against years when crops were light and markets more favourable.

The first substantial encouragement to this idea occurred in 1917 when the dominion government in the interests of our allies and our war effort instituted a Board of Grain Supervisors: "to prevent to the utmost possible extent any undue inflation or depreciation of values by speculating, by hoarding of grain supplies or by any other means." This was Canada's first venture in government wheat marketing, and being a war-time measure was discontinued on July 31, 1919.

For various reasons, however, including strong and vigorous encouragement by the farmers for the continuation of government marketing, the first Canadian Wheat Board was established on August 15, 1919, with instructions to sell the wheat from the 1919 crop: "at prices which would bring the greatest benefit to Canada as a whole." This crop was handled on a pooling basis and the Board's functions expired on July 31, 1920. The results of that year's experience coupled with a decline in wheat prices thereafter, led to great agitation on the part of western farmers for a centralized and orderly marketing system. As the governments of the day could not be persuaded to re-enter the picture, producers turned to the organization of co-operative marketing methods. Using the organization of the "United Farmers of Alberta" in this province, they were able to organize a wheat pool in time to commence business and handle the 1923 crop. Saskatchewan and Manitoba pools were organized shortly thereafter and commenced business in 1924.

The first activities of the Pools were in the marketing field, which later acquired elevator facilities. The results of these pooling efforts were satisfactory to farmers and were carried out with considerable success until the disastrous economic recession of late 1929 and the early 1930's overtook the grain industry. From the experience gained in these operations, farmers were more convinced than ever that due to our overwhelming dependence on export markets, an orderly marketing system carried out by, or under, the auspices of federal legislation was desirable.

Mr. Chairman, you and your members are acquainted with the developments in the early 1930's culminating in the passing of the Canadian Wheat Board Act of 1935, the Wheat Board's operations from that time until 1943 when its future's trading in wheat was suspended, and its subsequent role as sole marketing agent for western wheat, oats, and barley.

As farmers and farm organizations, we are tremendously proud of the development of this orderly system of marketing, of the beneficial results it has had for the producers over the years, and the influential role it has played in international trade on behalf of this nation. Canada has been able to lend encouragement to international wheat agreements in the knowledge that its wheat producers favoured such a pact, and with the existence of the Canadian Wheat Board as a marketing facility, that it would be possible for us to participate effectively in such arrangements. We would, also, like to be on record at this time in tribute to the commissioners of the Canadian Wheat Board over the years who have carried out their functions with diligence and integrity.

We are respectful also of the role of the federal government in:

1. Maintaining the Canadian Wheat Board Act
2. Supporting the Canadian Wheat Board system of marketing
3. Assisting the Board through the facilities of its trade commissioners' offices abroad, and
4. The provisions that it has made in credit arrangements for overseas purchasers.

The interest you have shown in making this trip, we believe, speaks well of your recognition of this progressive marketing development.

While we view with satisfaction the developments to date, we are not without problems in our current operations, nor without some objectives for the future.

Based on the favourable results of the past, our members have for years requested the federal government to make provision for the marketing of flax, rye, and rapeseed by Canadian Wheat Board. This request has been made directly to the government through the Ministers of Agriculture and Trade and Commerce, and has been included for several years in the annual presentation of the Canadian Federation of Agriculture to the federal government.

Last spring, on behalf of the Western Agricultural Conference of the CFA, a submission was made re-affirming this request and suggesting that, if the government felt it necessary, a plebiscite be held on this matter to determine to its satisfaction the views of the producers of these grains. This submission was made in Ottawa on May 20, 1966. Some of its conclusions and recommendations are as follows:

- (i) The farm organizations which support this submission represent a large majority of grain producers in the three prairie provinces.
- (ii) The production of rye, flax, and rapeseed is increasing and most of the Canadian production of these three grains occurs on farms within the Wheat Board's jurisdiction in Western Canada.
- (iii) A significant portion of each grain is sold on the export market either as seed or in processed form.
- (vi) Because the Wheat Board has power to regulate delivery of rye, flax, and rapeseed to country elevators, producers argue the Board should also assume the marketing power because producers are frequently not able to take advantage of the changing market price.



- (vii) Foreign purchasers have often said they prefer to buy their requirements of rye, flax, and rapeseed from a single selling agency where uniform delivery arrangements could be assured.
- (ix) Wheat Board control of these grains would likely encourage diversification of prairie grain production, bringing increased benefits to those who increase their production of rye, flax, and rapeseed and also to those who remain in the production of other grains.

Another matter of concern to our members is their inability to utilize their own elevator facilities for the entire marketing of their grain crops. This is a question with which you are, no doubt, familiar. It has been a problem for Pool members to a greater or lesser degree since about the year 1950.

The grain delivery quota system employed by the Canadian Wheat Board is probably the very crux of the orderly marketing procedure, and one which our members support overwhelmingly. By it each producer shares proportionately in the available elevator space. As the quota system is used by the Canadian Wheat Board to ensure each producer an equitable delivery opportunity the Board in turn controls the movement of grain from country elevators to terminal points by the issuance of shipping orders to the elevator companies. This makes it possible for the Board to ensure that the right kinds and grades of grain are in position to meet market requirements.

We are in full agreement with these procedures, but have found over the years that a degree of inflexibility in the formula for the allocation of shipping orders has made it impossible to create sufficient space in Pool elevators for members to fully utilize their own facilities. On numerous occasions we have pursued this matter singly, and jointly with the other farm organizations, with limited success. The rigid formula applied for years was modified somewhat following the Bracken Inquiry, and has permitted some improvement, but from the standpoint of assuring producers the opportunity to deliver to the elevator of their choice, it is still too restrictive.

We would favour:

1. More flexibility in the formula for the allocation of shipping orders to the grain handling companies, and
2. A modification of the provisions for the relief of congested elevators.

The current provision for the relief of congested elevators entitles the elevator agent to two additional boxcars on application if he has a total of less than 4,000 bushels of available space in his elevator. With the increasing size of country elevators, less frequent freight train service, multiplicity of kinds and grades of grain, and other factors, it is becoming increasingly difficult for individual agents to qualify for this provision. Taking into account all relevant factors, a provision which would reflect the total capacity of the elevator, rather than the rigid 4,000 bushel figure, would, we believe, be more equitable. We would suggest rather than 4,000 bushels, unfilled space equivalent to possibly eight per cent of total capacity as a qualification for additional boxcars.

### Feed Grains

As producers, the members of Alberta Wheat Pool have a continuing and appreciable interest in the feed grain industry of Canada, and in government policies relating thereto. We supported the inclusion of marketing of oats and barley by the Canadian Wheat Board back in 1948, and the current arrangements in respect to internal trade as between grain producers and livestock feeders, producers and feed mills, and the current arrangements which prevail in British Columbia between producers of feed grains and consumers in that province.

In respect to the federal government's feed grain assistance program we, as members of the Canadian Federation of Agriculture, support the policy of that organization.

Initially the emergency program by which freight assistance was given to eastern feeders in attempts to fulfill Canada's "bacon to Britain" commitments, was to encourage more hog production in eastern Canada. It assured markets for substantial quantities of grain, which we may have been unable to utilize in an expanded livestock program on the prairies due to labour shortages during the war and other economic difficulties.

Following the war years and until the middle and late 1950's we were expanding our livestock operations, and while our feeders would probably have benefited to some degree had the subsidy been removed, it was in these particular years that we were also building up surpluses of grain. In more recent years you will have noted increasing concern by eastern feeders to have the feed freight assistance policy made a permanent part of the federal government's agricultural policies, and that it be amended to provide assurance of more direct benefit to the users of the assisted grains.

Recent studies have indicated that the freight assistance policy in the past has tended to:

1. Stabilize the price of feed grains in eastern Canada, and
2. Assure adequate supplies of feed grains to meet the needs of feeders in eastern Canada and in British Columbia.

The program has also served to shift some forms of livestock production to areas which had less natural advantage than others, and it may also have supported the transportation industry to a degree by providing the volume of business which was involved.

We are, of course, more concerned with the future than with the past, and at this time it would appear that some re-evaluation of this matter may be timely within a relatively short time. With the opening of Asiatic markets for Canadian wheat in 1961 and since, the rather depressing market outlook of the early and middle 1950's has improved considerably. Based on world population growths, current sales, and rough market predictions, Canadian grain producers, we believe, may look forward in the long run to better market opportunities than we have known in the past. While we are hesitant to make any firm predictions in that regard, we have felt since 1961 that serious world food shortages, much less the risks of famine, may now no longer be politically tolerable. Should this

turn out to be reasonably true, it is conceivable that we shall enjoy better markets than we have known in the past.

Mr. Chairman, you and members of your Committee have recently returned from an inspection of facilities at the port of Vancouver. We hope that you found your tour of interest. In recent years the west coast ports have taken on considerable significance as a departure point for western grain. In the early years of the Alberta Wheat Pool, we were optimistic about those ports to the extent of building a large, modern terminal at Vancouver in 1927, and we further expanded these facilities in the middle 1950's. Our experience there has been both good and poor. The last deficit figures we recorded in our over-all operations were some substantial losses at the Vancouver terminal in 1936 and 1937 due to a very low volume of outward shipments. We have shipped as much as 63 million through our terminal there, and a low of 1 million in various years.

At the present time, however, the facilities at the west coast are of outstanding value to Canada in taking advantage of export markets. Ministers of Agriculture and Trade and Commerce, officials of the Canadian Wheat Board and Board of Grain Commissioners, the railways, and the farmers' grain handling organizations have been keenly interested for several years in utilizing these facilities to the best advantage. Saskatchewan Wheat Pool at the present time is constructing a new and modern terminal for that purpose. We understand also that the federal government is now proceeding with plans to enlarge and modernize the terminal at Prince Rupert. In view of the heavy cost of new construction of terminal facilities at this time, it appears that every effort should be made to make optimum use of the existing facilities. We have been favourable to this principle for some time, having included in our annual report of 1961 the following:

In the same manner in which the pooling movement was utilized by prairie grain producers in the 1920's as a decided improvement over methods of the day, some additional modification and improvement in grain marketing must be continually pursued. . .

The universal acceptance of quota deliveries by producers and the orderly procedures of the Canadian Wheat Board system of grain marketing question the need of increasing present day stocks of grain in country elevators. Given adequate waterfront terminal facilities and railway service, the ability of the Canadian Wheat Board to carry on an efficient marketing program would appear to be less dependent on large inventories of grain at sidings than has been the case in the past. The possibility of additional benefits to producers by further co-ordination of the various facilities and services involved in our present marketing system commends itself to the attention of our association.

The conditions of today, we believe, add additional weight to the considerations which we mentioned six years ago.

Canada has built up an enviable reputation as a reliable supplier of grain with a minimum of delay and disruption of its transportation and export facilities. The value of this reputation is too well known to need elaboration. Our association is most anxious to do its part to maintain this national asset.



We are pleased to have had this opportunity to meet with you and wish to assure your committee, Mr. Chairman, of our Association's support in matters of policy which you may have under consideration toward more efficient and successful grain marketing in Canada.

Thank you, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. Malm. I have several names of members who wished to ask questions of the previous witness. They are, Mr. Schreyer, Mr. Crossman, Mr. Comtois, and Mr. Noble.

Mr. NOBLE: My question would not apply now.

Mr. MALM: Mr. Chairman, before we get into questioning may I say we have available a number of copies of last year's annual report and financial statement of the Alberta Wheat Pool and also a pamphlet that you may have, if you wish, when the meeting is over.

The CHAIRMAN: Fine, thank you. Mr. Schreyer, does your question pertain to anything that the Alberta Wheat Pool has said?

Mr. SCHREYER: I have just one question, Mr. Chairman. Mr. Malm, you make reference in your brief to a request which the pool has made on several occasions to the federal government asking them to consider the advisability of bringing the flax, rye and rapeseed marketing under the wheat board. Now, up until this point in time they have not seen fit to do this and I was wondering whether you could give us any indication of what thinking prompts the federal government to refuse or decline to give effect to this request?

Mr. MALM: Mr. Chairman—

Mr. SCHREYER: I realize it is a broad question but I would like to know your thinking on that.

Mr. MALM: I might say that initially, when oats and barley were brought under the wheat board in 1948-49, there was no particular request at that time for flax and rye to be brought under the operation of the wheat board. But, during the 1950's, when large surpluses appeared on the scene here, marketing became difficult. It became more evident all the time that marketing of flax, rye, and rapeseed by the individual was becoming more and more difficult, partly because of congested elevators and the producer's inability to sell when he wished. It also became evident to the producers at that time that the wheat board was doing a pretty good job to get an average price for wheat, oats and barley. Therefore, the farm organizations began asking that the Canadian Wheat Board Act be expanded to include these crops.

We took these matters to the Minister of Trade and Commerce and to the federal cabinet through CFA, requesting that this be done. Now, the answer has been that these are minor crops in comparison with wheat, oats and barley and they doubted very much whether the wheat board could have very much influence on world markets because of the minor quantity of the total world market of these crops that they would control. We have reiterated that we do not expect them to get the very top price. We feel that as a marketing organization, although they are minor crops, they could do a fairly good job. Inasmuch as it is

necessary for them to control quotas and, therefore, control deliveries of these crops, they are in a better position to call them forth when market conditions may appear to be satisfactory.

This is the premise that we have put forward for several years now and we have also had the answer that there were some producers who were not in favour of putting these crops under the wheat board. Now, to counteract that as of last May, we have suggested in our submission, or even asked, that a plebiscite be held on whether the producers of these crops really wanted them under the wheat board. We, as a farm organization—the Alberta Wheat Pool—are constantly being badgered by producers: Why do you not do something about this? We feel that a plebiscite is the proper method of settling this. This was what happened to oats and barley in 1948 and we feel this is the proper method to settle this question now. I hope I have answered your question.

Mr. SCHREYER: Thank you, Mr. Malm.

Mr. MCKINLEY: Along the same lines, Mr. Malm, I am wondering if there is any reluctance on the part of the wheat board to take on the extra chore of handling these other seeds?

Mr. MALM: We have put this question directly to the wheat board and they have said because of the minor nature of these crops and the small part of the world sales in oil seed crops this would be that they would not have any influence to speak of. But, they have said if they are required by the Canadian Wheat Board Act and by Parliament to market these crops, they can do it. That is the answer we have had.

Mr. SCHREYER: Mr. Chairman, just one follow-up question. I would ask what in your opinion is the major disadvantage of the present marketing structure with respect to these three crops?

Mr. MALM: Well, I would first probably have to say a little bit about the quota system. The quota system was initiated quite a number of years ago to enable farmers to get an equal share of deliveries. Now, I think you understand that we have to deliver our grain over the whole crop year.

The CHAIRMAN: Is this for all your grains.

Mr. MALM: This is for all our grains, yes. This is for several reasons. First of all, our elevator facilities could not handle it all and if they could our railways could not haul it all in a very short time. Therefore, the wheat board must regulate deliveries over the year as space becomes available in country elevators. In order to do that they must also regulate the deliveries of flax, rye and rapeseed, not only in the country elevators, but in the terminals as well, because they do not want to get the terminals congested with these grains where it may inhibit the sale or movement of wheat, particularly. This is another reason why we say that if it is necessary—and we agree it is necessary—to have quotas on these grains, then you should also be the handling or selling agent for them because then you can control the coming forward of these grains as they are required. I hope that answers your question.

Mr. SCHREYER: Mr. Chairman, one last question. Would it be a fair assumption that one of the groups that would, perhaps, oppose your request for bringing

these three crops under wheat board marketing be those who are involved with the future market? I take it they would not be particularly anxious to see this happen?

Mr. MALM: I think that assumption is correct. Really, I suppose, if this is taken away it would almost end it. Mind you, the Winnipeg market is used for more than just trading in futures today. Importers and exporters also are using the facilities of that market. I do not think they could live on flax, rye and rapeseed alone. I think they use it more for other purposes.

Mr. HORNER (*Acadia*): My questions are on the same line, Mr. Chairman. I have with me the agriculture committee report of June, 1966, when the wheat board dealt with this very question. They said, Mr. Malm, that Canadian oil seeds would be a small factor and would be an operation entirely different from wheat, oats and barley. If the operation did come under their control it would be an entirely different operation. They went on to state that in the wheat board's action with regard to wheat, oats and barley, they set the price, and are a price leader in the world because of the quality and the quantity of these products Canada produces. But with oil seeds, they would be a price follower, in a sense.

A statement made by Mr. McNamara in that committee report questions whether or not, being a price follower, they could really bring about any increase in revenue to the producer. Do you really think they could? Do you think an increased revenue to the producer would be derived by the wheat board taking oil seeds under their control?

Mr. MALM: I do not question Mr. McNamara's ability as the chief commissioner of the wheat board one bit. I do not doubt for a moment that they would be a minor factor on the oil seed market of the world. While it may be a somewhat different operation, because of the fact they still take the responsibility for the actual physical handling, in a way, until it reaches a terminal or a boat, and the general knowledge of marketing operations in the world-at-large which they must have, I am sure they can do better than I can as an individual farmer. We are not asking for the top price. We feel sure they could get a fair average price and this is what the farmer in western Canada has said all along: I do not care for this great big price or this price way down here. I want a fair average price. We feel, as farmers, that they could probably do a pretty fair job and I am sure we would be fairly satisfied.

Mr. HORNER (*Acadia*): As a wheat pool member, the Alberta wheat pool will handle my flax, rapeseed and rye if I deliver it to them, will they not? Have you not enough confidence in your ability to sell my product for me? Do you feel the need of a government agency to watch over you to make sure you get the best price for me as a member of your organization?

Mr. MALM: I will answer that by saying we fought for years to get the Canadian wheat board. We did not think we could do it alone.

Mr. HORNER (*Acadia*): I am not in anyway trying to discredit the Canadian wheat board, and I do accept Mr. McNamara's statement that while there was a plebiscite held for oats and barley, you asked for a plebiscite here today where the conditions are altogether different. The product is altogether different—and I



am just accepting Mr. McNamara's statement—and they would have to set up, as he suggests—not necessarily for rye, but for flax and rapeseed—an entirely different operation in order to handle it. I am saying, would it put more money in my pocket as a producer? That is all.

Mr. MALM: Mr. Chairman, I would like to have Mr. Harburn deal with that question. He is our sales and traffic manager and probably he could deal with the question in a little greater detail than I can.

Mr. J. S. HARBURN (*Manager, Sales and Traffic, Alberta Wheat Pool*): Gentlemen, I could not say that probably we would do a better job of selling than the wheat board would. I can only say that our experience has been fairly favourable in the existing markets. One difficulty we do run into is that the wheat board exerts very rigid control over the quotas and transportation of flax, rye and rapeseed, and in that way we have not got a free hand by any means. But, under the existing controls, I think our operation has been a favourable one.

Mr. HORNER (*Acadia*): What percentage of the oil seed market do you handle through your Pacific terminal? I am speaking of the percentage of the oil seed market that moves through the west coast?

Mr. HARBURN: We handle oil seeds for other organizations, the Saskatchewan Wheat Pool and a few others, and I would say roughly one-third of the flow would go through our terminal in Vancouver. I am just pulling that percentage out.

Mr. HORNER (*Acadia*): Let us use that percentage. In this brief you make a suggestion—and the wheat board does not accept your suggestion entirely—to do away with competition. I can see where competition should be done away with and a government board take over when the handling of a product is so small that, as the railroads say, you have no real demand at the marketplace. But you are handling one-third of the product going through the west coast which I would think would be quite a large amount of that product and you still feel that competition is not proving to be a keen enough factor in order for you to get the best price for the producer.

Mr. HARBURN: I would say probably we are getting the best price available in a competitive market. I would say that is about as far as we could go on it.

Mr. FORBES: Mr. Chairman, may I ask a supplementary question? Is there sufficient volume of flax and rape and rye to warrant putting this under the wheat board or forming a pool to market it? Now, I appreciate the brief you presented very much, and the past history of farmers' markets; you sure hit the point. I appreciate your efforts to avoid this disparity in price. This is what kills farmers all the time. But have we got sufficient volume to warrant asking the pool or the wheat board to enter into the marketing of this grain for us? I have no idea of the quantity we are producing. Possibly you have those figures for us?

Mr. MALM: The production of rapeseed is increasing, Mr. Chairman, and there is every indication, I believe, that rapeseed is going to increase considerably more in the future. Our production this past year—I am quoting a bit from memory—I believe is in the neighbourhood of 22 or 23 million bushels.

Mr. FORBES: In the province of Alberta?

Mr. MALM: No, no. I mean in western Canada. I am speaking for western Canada when I say, the wheat board's operation.

The CHAIRMAN: Mr. Horner, have you finished?

Mr. RAPP: We are speaking about rapeseed. Would the Canadian wheat board be in a position to find new markets for us? We have Japan and some other small countries now, but would the wheat board be in a position to go out and find these markets as, in the past, some of these private interests have discovered these markets? And is there enough volume now in Canada, as far as rapeseed is concerned, that we do not need to search for new markets anymore or establish new markets without having, perhaps, private enterprise go out in the world and find new markets? The only market we have at the present time is Japan and this is an established market. But, I think there are many other countries that could become markets, particularly when rapeseed oil and meal reach the same stage as a supplementary feed as soy bean meal and other products.

The CHAIRMAN: I should interject; I thought they told us at the Alberta Pacific Company yesterday that they were shipping rapeseed to Italy.

Mr. RAPP: Those are established markets, sir, but I am concerned about finding new markets for "rape" whenever—you are laughing, but we call it "rape" here; we do not call it rapeseed too often. We should be able to get an answer to the question of whether the Canadian wheat board will find some of the markets that could be found in the world.

Mr. MALM: I do not know whether I could answer that very clearly. I really do not know. But, I will say this: certainly, the Canadian wheat board, in the marketing of grain, do have a tremendous amount of statistical information and I would suppose that if they did handle these crops they would probably use some of the exporting firms in the business now as brokerage firms. I also feel they could probably do as well, or maybe a little better. Our main idea is to level out the price. Last year the price of rapeseed increased by about 60 cents a bushel for two or three weeks, but there were only a very few growers who got the advantage of that.

Mr. RAPP: I do not want to leave the impression that I am not interested in having it under the Canadian wheat board; certainly not. But, I would just like to know, for my satisfaction, whether the Canadian wheat board would be in a position to find new markets for us. Even if there are only 22 or 23 million bushels to be sold as was the case last year, will they find new markets besides the ones we have?

Mr. MALM: I would suggest, sir, that with the assistance of our trade commissioners in most countries—I think they work very closely with them—and other trade means, I am sure that if the Canadian wheat board took on the responsibility, judging from the efforts they made to hold the price of grain when the world was flooded with it, they would make as good an effort as anybody I know of, and I think the farmers of western Canada would trust them.

Mr. RAPP: I know in particular that when rapeseed was first introduced here it was in my area—the Tisdale area. This was where it was introduced but our

problem, to start with, was to find markets. It was more or less private enterprise like Gordon Ross and some others from Moose Jaw who found the markets for Canadian producers. I just wonder whether the Canadian wheat board could take over from some of these private marketing agents and establish a better bigger market for us?

The CHAIRMAN: Could I sum this up? This was a supplementary that Mr. Rapp was on, but I think what he is trying to say is: the Canadian wheat board has established offices around the world and would they not have the contacts, when they are selling wheat, to meet many people who may be in the market for rapeseed.

Mr. RAPP: That is exactly what I want to know.

Mr. MALM: I think this is possible; I would expect so.

The CHAIRMAN: Has the wheat board, to your knowledge, Mr. Malm, ever received inquiries about rapeseed and referred them to your organization or any other organization selling rapeseed?

Mr. MALM: I would turn this over to Mr. Harburn. He may be closer to it; I really do not know.

Mr. HARBURN: We have various inquiries turned over to us from other organizations.

The CHAIRMAN: From the wheat board?

Mr. HARBURN: I think so, yes. In turn, we will turn inquiries for wheat over the them; we do that all the time. I think in that way there is a pretty free exchange of information. I think the wheat board, with the resources and contacts they have in different countries, and with the markets that are already established, could probably do a pretty job of merchandising rapeseed and flax. They could probably do it a lot better than we could.

Mr. MCKINLEY: Mr. Chairman, I would just like a little more information on this. How many companies would there be handling these three seeds at the present time? Is it a great number or is it just some of the pools?

Mr. MALM: I think Mr. Harburn, probably is more familiar with that end.

Mr. HARBURN: All the grain companies are suppliers of rapeseed, flax and rye, and they all have some established market outlets. You have to develop those.

Mr. MCKINLEY: It would be proper to say that one of the biggest advantages of having these under the wheat board would be to have the entire production in one hand so they would be able to sell them better because of volume?

Mr. HARBURN: That would be some advantage, yes.

Mr. MCKINLEY: I am wondering whether it would be more profitable for pools to handle these on the basis of the wheat board fees than it is selling the way they are at the present time? What I am trying to get is: Let us say we had a plebiscite—these pools are co-operatives or farmer-owned, are they not?—would it be an advantage to the pool under the wheat board fees, or would other people involved in those pools—say, people that produce wheat, barley and



oats and have nothing to do with these other seeds and do not want to have anything to do with them—be against this?

Mr. MALM: No they would not.

Mr. MCKINLEY: They would not?

Mr. MALM: As far as our operations are concerned—that is, the Alberta Wheat Pool—as a handling organization, looking back over our records. I do not think it would affect us one way or the other whether we did it on a handling basis or as an agent for the wheat board, or the way we are doing it now.

Mr. MCKINLEY: There would be no reason for producers of others grains not wanting it?

Mr. MALM: No.

Mr. OLSON: Mr. Malm, I wonder whether you could tell us whether your organization, the Alberta wheat pool, has given any consideration to what the new prices should be, minimums and maximums, under the international wheat agreement?

Mr. MALM: Well, Mr. Olson, we have discussed what we hope the minimums and maximums might be under a new wheat agreement. We have pretty well come up with the idea, taking the present price situation into consideration, that \$2.50 would probably be a reasonable ceiling. The minimum would probably be raised in roughly the same ratio.

Mr. OLSON: Are these calculations based on what you think you could get in the international market or does it take into account the escalating costs of producing this wheat?

Mr. MALM: Certainly in suggesting these we are putting forth our case from the standpoint of increased cost of production. But, we are also taking into account the ability to pay of the countries we have to sell to. We also recognize that some of this wheat will probably have to be sent as food aid. Certainly we are not asking for exorbitant prices. We could go out and say we want \$4 a bushel for it. This is not our policy, but we believe, taking everything into consideration at the present time, that it should be raised to at least \$2.50 a bushel.

Mr. OLSON: Is it hoped this will be a three-year period, or for how long?

Mr. MALM: The pattern in the past, I think has been a three-year period. I do not think either the importing countries or the exporting countries would be happy to go for a longer period than that. Certainly we were very reluctant to go along with the last one-year extension to the international wheat agreement. We would not want to see another extension on the present basis.

Mr. OLSON: Mr. Chairman, I have one final question. Assuming the Canadian negotiators were successful in obtaining a maximum of \$2.50 for three years, do your projections, in so far as producers' costs in 1970 are concerned, cover the costs of producing that wheat?

Mr. MALM: I am afraid I could not answer that question. Is inflation going to continue? I do not know. We are hoping not.

Mr. OLSON: I asked you the question, Mr. Malm, because I presumed that your organization had done some of these projections.

Mr. MALM: We have, in a way, but certainly not to try to assess what is going to be in effect three years from now, and I do not believe there is anybody in this country who could tell us. An increase of about 40 cents a bushel over what it is now would seem, from what we can see at the present time, a reasonable one. But I am sure if we asked for a ceiling of \$3 a bushel it would be the best way to kill the international wheat agreement. You have to be reasonable.

The CHAIRMAN: Mr. Tucker?

Mr. TUCKER: Mr. Chairman, to follow up Mr. Rapp's supplementary, I would like to ask the Vice President whether the Canadian wheat board and the Department of Trade and Commerce have worked together in finding markets for the various products of flax, rye and rapeseed?

The CHAIRMAN: Do you want to know if they do?

Mr. TUCKER: If they work together, yes?

Mr. MALM: I do not know that they have yet. I am afraid I could not answer that question; I really do not know. Mr. Harburn may have some answer to that, but I could not tell you.

The CHAIRMAN: Before Mr. Harburn tries to answer I think we would certainly have an opportunity of asking the wheat board when we are in Winnipeg, Mr. Tucker.

Mr. TUCKER: Yes.

Mr. PETERS: If you have the oil seeds and rye under the wheat board, would this stabilize the price so there would not be highs and lows? In other words, would you expect the wheat board to set a forward price?

Mr. MALM: It would stabilize it to the producer but I would have to agree with the wheat board that as far as their trying to set the world price is concerned, they could not do it.

Mr. PETERS: No, I meant to the producer.

Mr. MALM: They would stabilize it to the producer.

Mr. PETERS: This might eliminate the situation of an increase of 30 cents for a two-week period with nobody selling.

Mr. MALM: I think it would have a stabilizing effect and all we would expect the wheat board to do would be to sell it to the best advantage possible. This is all they could do.

Mr. CLERMONT: Mr. Malm, in answer to Mr. Olson regarding a maximum for the price of wheat, you said your organization had studied the ability of the purchasing country to pay \$2.50 per bushel. On what did you base your study?

Mr. MALM: On a very limited basis we have probably looked at some of the nations we do sell wheat to. We have also looked at some of the developing nations that could not buy wheat if it was half that price and we recognize that

some of our wheat is going to have to be used as food aid. But, we do not feel because we may have to supply food aid as a gift that the nations that are developed should have particularly cheap wheat. In fact, some of these nations have not expressed a real desire to have cheap wheat because they are looking upon us as a nation using some of their products. Therefore, they really have no desire, from what I can gather, to have wheat at rock-bottom prices. Some of the importing nations have also said they would expect the exporting countries to have an economy that would ensure their farmers producing the necessary wheat required for the nations of the world.

The CHAIRMAN: I want to ask one question myself, if I may. When we were in Vancouver we saw a lot of grain cleaning facilities and several of the members asked questions when they were in the elevators. One of the questions was: why would it not be more practical to clean the grain at the country elevator source rather than in the main ports, especially since some of the new country elevators being built are supposed to be more modern and up to a high standard, with better facilities and able to handle a larger quantity faster with more storage. Because of rail abandonment elevators are going to get bigger.

Mr. MALM: I will answer in part and probably these gentlemen would like to add to it because they are better informed. Certainly, when you begin to try to clean grain at the country points you have not only one cleaner, you have to have a bank of the various types of cleaners. For instance, a few years ago there were complaints of stones in the grain going to some place—I believe it was Japan—and so you have to have a de-stoner. Well, all these machines run into a tremendous amount of money and to put them in the smaller elevators in the country would be just out of the question. Would you gentlemen care to add anything to that idea?

Mr. Lloyd NOWLAN (*Operations Manager, Alberta Wheat Pool*): I think you are quite right, Mr. Malm, from an operational standpoint.

Mr. MALM: It would be too expensive altogether to do it in a smaller place.

The CHAIRMAN: On behalf of the Committee I want to thank the representatives of the Alberta wheat pool for presenting their brief and for their attendance here today. The meeting is now adjourned to the call of the chair.



*Appendix I*

TABLE I

Final Wheat Board Payments on Wheat, Oats and Barley  
1961-1962 through 1965-1966

	Wheat	Oats	Barley
	—cents per bushel—		
1965-1966 .....	0.49	0.25	0.33
1964-1965 .....	0.38	0.18	0.31
1963-1964 .....	0.48	0.10	0.23
1962-1963 .....	0.43	0.12	0.18
1961-1962 .....	0.43	0.17	0.30
Average .....	0.44	0.16	0.27
High .....	0.49	0.25	0.33
Low .....	0.38	0.10	0.18

## Appendix II

FIGURE I

TREND IN TOTAL CATTLE NUMBERS, PROVINCE OF ALBERTA, JUNE 1, 1930-1966

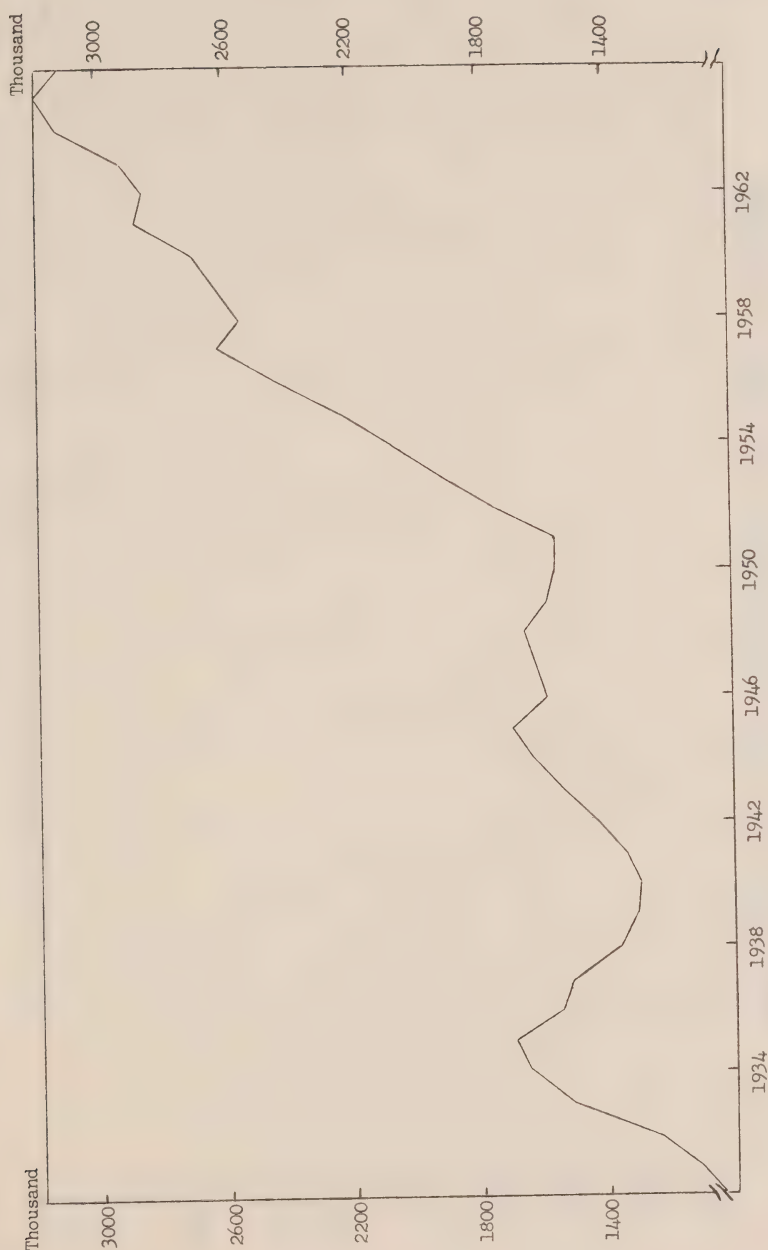


FIGURE 2

TRENDS IN TOTAL HOG AND SHEEP NUMBERS, PROVINCE OF ALBERTA, JUNE 1, 1930 - 1966

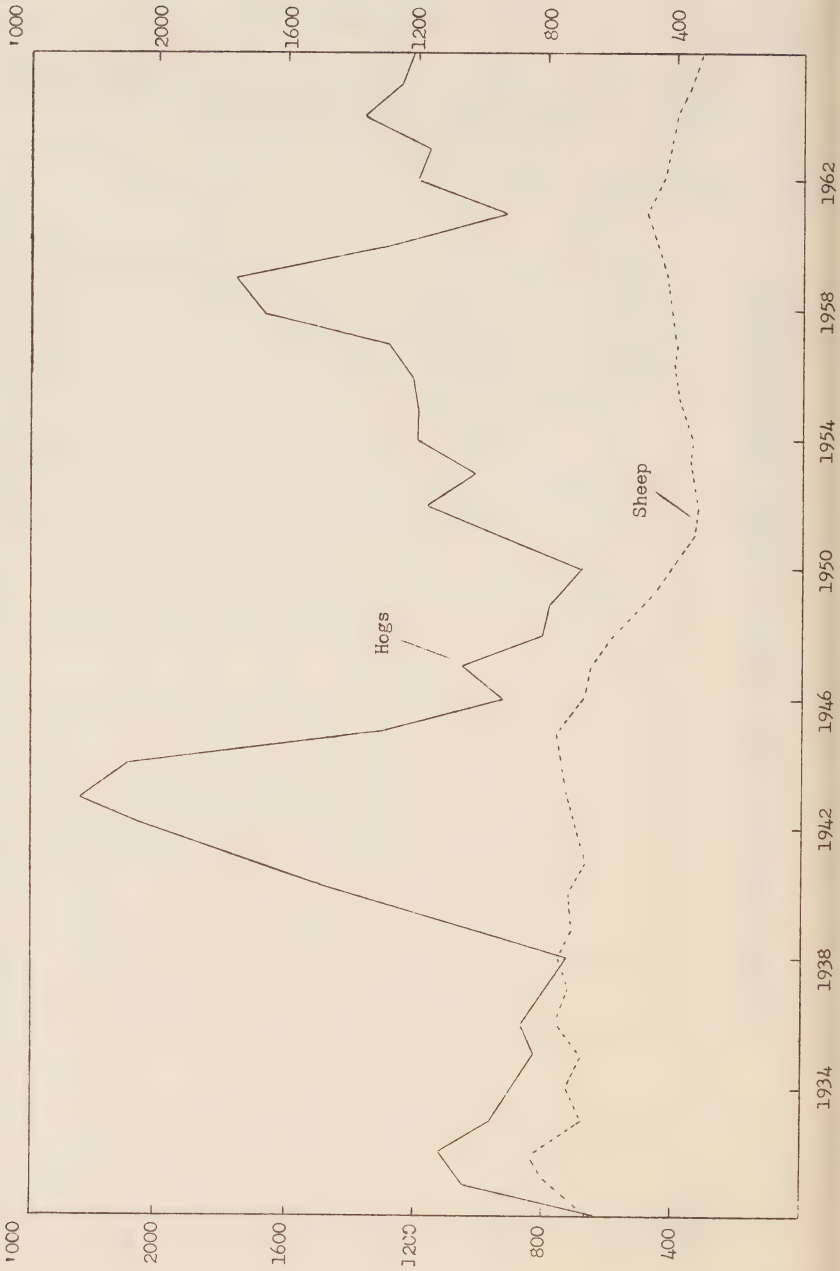




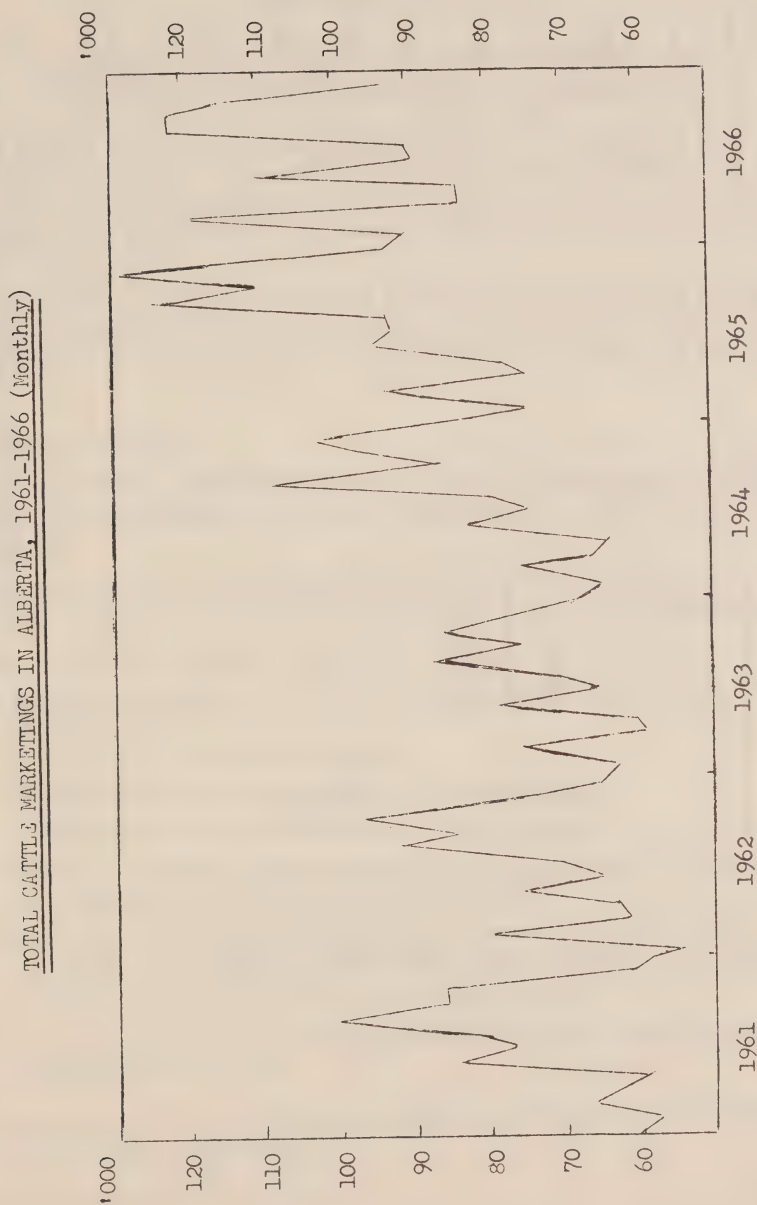
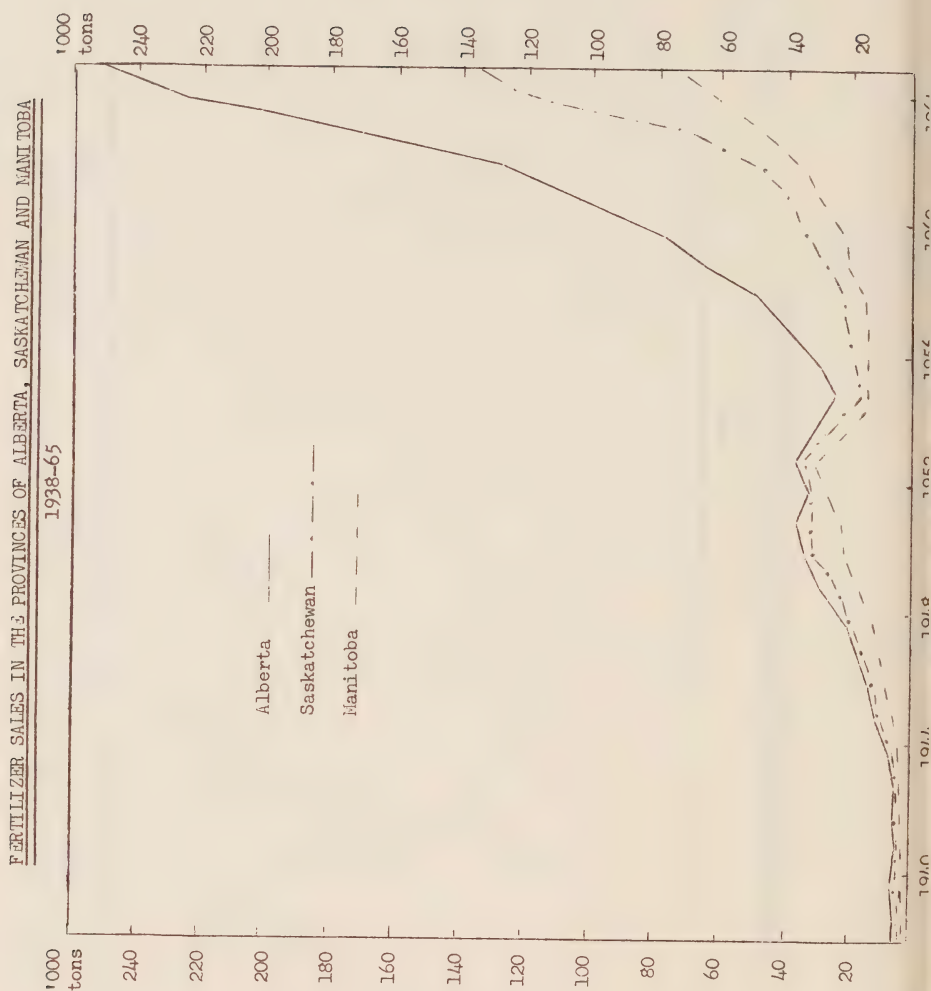
FIGURE 3

FIGURE 4



*Appendix III*ALBERTA DEPARTMENT OF AGRICULTURE  
EMERGENCY FARM ASSISTANCE PROGRAM

A crop failure in I.D.'s 146 and 147 has resulted in depressed economic circumstances for farmers in these I.D.'s. These areas were extremely dry until early July and were badly frozen in mid-August. Many farmers in the affected area are unable, through their own resources, to finance their farming operations through the next crop year.

In order for many of them to continue farming and to prevent or delay the development of the area, the Provincial government will provide financial assistance to those who qualify according to the terms of the policy as contained herein.

*Terms of Assistance Program*

1. Assistance will be provided to farmers within the designated area on the basis of crop yield as determined by survey records, or such other information as may be available.
2. Eligibility of farmer applicants will be based on an average yield of less than 10 bushels wheat (or wheat equivalent) per acre over the last three years.
3. Assistance to be computed as follows:
  - (a) Where the average yield over the last three years is less than 5 bushels per acre
    - \$3.00/acre for the first 100 acres
    - \$2.50/acre for the second 100 acres or part thereof
    - \$2.00/acre for the third 100 acres or part thereof
  - (b) Where the average yield over the last three years is 5 bushels or more per acre but less than 10 bushels per acre
    - \$2.50/acre for the first 100 acres
    - \$2.00/acre for the second 100 acres or part thereof
    - \$1.50/acre for the third 100 acres or part thereof
  - (c) Acreage to be based on total cultivated acreage in 1966 exclusive of cultivated forage crops.
4. A minimum of 50 acres cultivated, exclusive of forage and new breaking in 1966 shall constitute a farm unit.
5. Only one payment per farm unit.



6. Income from all sources may be a determining factor in evaluating applications.

Applications can be made through local District Agriculturist.

January 6th, 1967

EDMONTON, Alberta

ALBERTA DEPARTMENT OF AGRICULTURE

A. M. Wilson, Director  
Plant Industry Division

O. G. Bratvold, P. Ag.  
Supervisor of Crop Improvement

## Appendix IV

## ALBERTA DEPARTMENT OF AGRICULTURE

## Summary of Crop Assistance 1966

Assistance Payments according to yield under 10 and under 5 bus. per acre averaged for the years 1963-4-5, showing claims and number of quarter sections in each payment bracket.

	Total Payment on yields of 5 bus. and less than 10	Payments on $\frac{1}{4}$ sections on yields under 5 bus. $\frac{1}{4}$ section	Payments on $\frac{1}{4}$ sections on yields 5 bus. and less than 10 $\frac{1}{4}$ section
Total Payments under 5 bus.			
\$870,229	1,424,097	6,096	9,178
Claims	Claims	—	—
1,647	2,824		
		Average Payment per Claim	Average Payment per Claim
		\$ 528.31	\$ 504.22
		Average Payment per quarter section	Average Payment per quarter section
		\$ 142.75	\$ 155.16

Average farm unit 555 acres.

OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

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LÉON-J. RAYMOND,  
*The Clerk of the House.*



HOUSE OF COMMONS  
First Session—Twenty-seventh Parliament  
1966-67

STANDING COMMITTEE

ON

# Agriculture, Forestry and Rural Development

*Chairman:* Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 29

WEDNESDAY, FEBRUARY 8, 1967

Respecting

The Annual and Supplementary Reports of the  
CANADIAN WHEAT BOARD  
for the Crop Years 1962-63, 1963-64, 1964-65

WITNESSES:

*From the Saskatchewan Department of Agriculture:* Hon. D. T. McFarlane, Minister; Mr. H. Horner, Deputy Minister; Mr. J. A. Brown, Director, Economics Branch. *From the Saskatchewan Wheat Pool:* Mr. E. K. Turner, First Vice President; Mr. R. H. Phillips, Director of Research. *From the City of Moose Jaw:* His Worship, Mayor L. H. Lewry. *From PFRA:* Mr. M. J. Fitzgerald, Director; Mr. W. B. Thompson, Assistant Chief Engineer. *From the C.C.F. Party of Saskatchewan:* Messrs. J. H. Brockelbank, I. C. Nollet, and E. I. Kramer. *From the National Farmers Union:* Mr. Roy Atkinson, President; Mr. S. A. Thiesson, Secretary-Treasurer.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967

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ON  
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*Vice-Chairman*: Mr. Herman Laverdière

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Mr. Danforth,	Mr. Lefebvre,	Mr. Stefanson,
Mr. Faulkner,	Mr. Madill,	Mr. Tucker,
Mr. Forbes,	Mr. McKinley,	Mr. Watson
Mr. Gauthier,	Mr. Moore ( <i>Westaskiwin</i> ),	( <i>Assiniboia</i> ),
	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Châteauguay-</i> <i>Huntingdon-Laprairie</i> ),
	Mr. Neveu,	Mr. Yanakis—45.
	Mr. Noble,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

WEDNESDAY, February 8, 1967.

(39)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 2.20 o'clock p.m. in the Oak Room of the Hotel Saskatchewan, in the city of Regina, the Province of Saskatchewan. The Chairman, Mr. Whelan, presiding.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Berger, Cadieu (*Meadow Lake*), Clermont, Comtois, Côté (*Nicolet-Yamaska*), Crossman, Danforth, Forbes, Gauthier, Gendron, Godin, Grills, Gundlock, Hopkins, Horner (*Acadia*), Johnston, Jorgenson, Laverdière, Lefebvre, Madill, McKinley, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Nowlan, Olson, Peters, Rapp, Ricard, Schreyer, Stafford, Stefanson, Tucker, Watson (*Assiniboia*), Whelan, Yanakis (38).

*In attendance:* From Saskatchewan Department of Agriculture: The Honourable D. T. McFarlane, Minister of Agriculture; Mr. Harold Horner, Deputy Minister; Mr. J. A. Brown, Director, Economic Division.

*From the Saskatchewan Wheat Pool:* Mr. E. K. Turner, First Vice President; Mr. R. H. Phillips, Director, Research Department; Mr. W. J. Ball, Manager, Country and Terminal Elevator Division; Mr. J. O. Wright, Secretary.

*From the City of Moose Jaw:* His Worship, Mayor Louis H. Lewry.

After calling the meeting to order, the Chairman made an opening statement during which he pointed out that committees are portions of the House of Commons and that this was a regular Committee meeting at which the same rules and procedure as are followed in Ottawa would apply.

The Committee resumed consideration of the Annual and Supplementary Reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64, 1964-65.

The Chairman called the first witness, the Honourable D. T. McFarlane, Saskatchewan Minister of Agriculture. Mr. McFarlane introduced the officials with him and then made his presentation to the Committee. At the conclusion of the Minister's statement, members of the Committee proceeded to question him. On completion of the questioning of the witness, the Chairman and members of the Committee congratulated and thanked him for his lucid presentation.

The Chairman then adjourned the meeting for five minutes. Five minutes later the meeting came to order and the Chairman called the witnesses from the Saskatchewan Wheat Pool. Mr. E. K. Turner was introduced by the Chairman and in turn introduced the officials with him.



*Agreed*,—That Mr. Turner summarize the brief of the Saskatchewan Wheat Pool and that it be printed as an appendix to the Minutes of Proceedings and Evidence, (*See Appendix I*).

After making their presentation, the officials of the Saskatchewan Wheat Pool were congratulated and members of the Committee proceeded to question them.

*Agreed*,—That the following be made appendices of the Minutes of Proceedings and Evidence:

A memorandum of April 1964, prepared by Saskatchewan Wheat Pool for presentation to the Canadian Tariffs and Trade Committee in connection with the 1964 GATT negotiations, (*See Appendix II*).

A memorandum of May 1966, on questions of grain marketing raised by Canadian Co-operative Wheat Producers Limited representing the Wheat Pools of Alberta, Manitoba and Saskatchewan, (*See Appendix III*).

Memorandum of May 1966, to the Government of Canada concerning the extension of Canadian Wheat Board jurisdiction to the marketing of Rye, Flax and Rapeseed presented by Western Agricultural Conference of the Canadian Federation of Agriculture, (*See Appendix IV*).

Submission of May 1966, to the St. Lawrence Seaway Authority concerning the question of Seaway Tolls and Fees by Canadian Co-operative Wheat Producers Limited representing Alberta Wheat Pool, Manitoba Pool Elevators, and Saskatchewan Wheat Pool, (*See Appendix V*).

Statement of February 1967, with respect to the Canada Labour (Standards) Code—As it applies to the operation of country grain elevators prepared especially for Committee members by Saskatchewan Wheat Pool, (*See Appendix VI*).

*Agreed*,—That statement of October 1966 to the House of Commons Standing Committee on Transport and Communications on matters concerning Bill C-231 by Canadian Co-operative Wheat Producers Limited representing Alberta Wheat Pool, Manitoba Pool Elevators and Saskatchewan Wheat Pool, be made an exhibit (*See Exhibit I*).

Later, on completion of the questioning, the Chairman thanked the witnesses and they were excused.

His Worship Mayor L. H. Lewry was called and after being introduced, read his submission. Members of the Committee questioned His Worship upon the completion of his presentation.

Later, when the questioning of the witnesses was finished, the Chairman thanked the witness and he was excused.

At 5.55 o'clock p.m., the Chairman adjourned the Committee until 8.0 o'clock p.m. later this day.

#### EVENING SITTING

(40)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 8.20 o'clock p.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Berger, Cadieu (*Meadow Lake*), Clermont, Comtois, Côté (*Nicolet-Yamaska*), Crossman, Danforth, Forbes, Gauthier, Gendron, Godin, Grills, Gundlock, Hopkins, Horner (*Acadia*), Johnston, Jorgenson, Laverdière, Lefebvre, Madill, McKinley, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Nowlan, Olson, Peters, Rapp, Ricard, Schreyer, Stafford, Stefanson, Tucker, Watson (*Assiniboia*), Whelan, Yanakis (38).

*In attendance:* From *Prairie Farm Rehabilitation Administration* (P.F.R.A.); Mr. M. J. Fitzgerald, Director; Mr. W. B. Thompson, Assistant Chief Engineer; Mr. W. M. Berry, Chief Design Engineer.

From the C.C.F. party of Saskatchewan; Mr. J. H. Brockelbank, M.L.A. Kelsey; Mr. I. C. Nollet, M.L.A., Cutknife; and Mr. E. I. Kramer, M.L.A., The Battlefords.

From the *National Farmers Union*; Mr. Roy Atkinson, President; Mr. Stuart A. Thiesson, Secretary Treasurer.

The Committee resumed consideration of the Annual and Supplementary Reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64, 1964-65.

The Chairman called Mr. Fitzgerald who introduced the officials with him.

The following documents, published by P.F.R.A. were distributed to the members of the Committee.

1. Saskatchewan, South East Water Supply System—What is SSEWS?
2. Harnessing The South Saskatchewan.
3. Progress of Construction, South Saskatchewan River Dam.
4. A map showing the main features of proposed water distribution system.
5. Five photographs showing various facets of the construction of the South Saskatchewan River Dams.
6. Statement for the information of the Committee prepared by P.F.R.A. outlining various P.F.R.A. programs.

Mr. Thompson, with the aid of slides proceeded to brief the Committee on the South Saskatchewan River Development Project.

At the conclusion of his briefing the Committee proceeded to question the officials of P.F.R.A.

Later, Mr. Fitzgerald and his colleagues were excused.

The Chairman then called the representatives of the Saskatchewan C.C.F. party. Mr. Brockelbank introduced himself and his colleagues and Mr. Nollet proceeded to read his brief.

Later, at the suggestion of Mr. Horner (*Acadia*), it was

*Agreed*,—That Mr. Nollet would read his brief to page eleven, and that the entire brief be printed as an appendix to the Minutes of Proceedings and Evidence (*See Appendix VII*).

The Committee, upon conclusion of Mr. Nollet's oral presentation, proceeded to question the witnesses.

Mr. Cadieu (*Meadow Lake*) suggested, and it was

*Agreed*,—That the brief "Forestry in Saskatchewan", prepared by Messrs Brockelbank and Kramer be made an appendix to the Minutes of Proceedings and Evidence (*See Appendix VIII*).

The witnesses were then excused.

The Chairman next called the officials of the National Farmers Union and asked Mr. Atkinson to introduce his colleague. Mr. Atkinson then read his submission to the Committee and was questioned by the members of the Committee.

*Agreed*,—That the brief of the National Farmers Union be appended to the Minutes of Proceedings and Evidence (*See Appendix IX*).

At 11.55 o'clock p.m., there being no further questions, the Chairman thanked the witnesses and after excusing them, adjourned the Committee to the call of the Chair.

Michael B. Kirby,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

WEDNESDAY, February 8, 1967.

Regina, Saskatchewan

The CHAIRMAN: I would like to remind those present in the public section that the Standing Committees are portions of the House of Commons and that this is a regular meeting of the Standing Committee on Agriculture, Forestry and Rural Development. The ordinary rules of procedure which are followed at committee meetings in Ottawa will be followed here.

By order of the House of Commons made on Thursday, June 6, 1966 the annual and supplementary reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64, 1964-65 were referred to this Committee for consideration and study.

I would like to say at this time I am sure I speak for all Committee members here present that we are happy to be in Saskatchewan and know that the Committee will benefit greatly from its presence here.

Many members are from Saskatchewan, whether they be government members or otherwise. You may wonder at the size of this committee but agriculture is the largest Committee in the House of Commons with a make-up of 45 members. This was actually cut down in size from what it used to be when it was 60 members.

We are here to study the operations and functions of the Wheat Board and are instructed to report back to the House. Without any further ado, our first witness today is the Hon. Douglas McFarlane, the Minister of Agriculture for the province of Saskatchewan. I will ask the Minister to introduce his officials and proceed with his brief at this time.

Hon. D. T. McFARLANE (*Minister of Agriculture, Saskatchewan*): Thank you very much, Mr. Chairman. For the convenience of the members of the Committee, I thought it would be quite fitting to have with us this afternoon our Deputy Minister of Agriculture, Mr. Harold Horner on my left and the Director of our Economics and Statistics branch, Mr. Jake Brown. I believe, Mr. Chairman, it is quite appropriate to sit down?

The CHAIRMAN: It is quite in order.

Mr. McFARLANE: I do want, at this time, to welcome the members of the House of Commons Committee on agriculture, forestry and rural development and to welcome you to our beautiful province of Saskatchewan.

Not only are we renowned for the amount and quality of wheat we produce in this province but I would remind my friends from Ottawa that we are the home of the two Grey Cups, the big Grey Cup and the little Grey Cup. So next year when we have time off after harvesting we hope to be in a position to go

back down to Ottawa and retain the Grey Cup. On that occasion I hope to see you all again.

Mr. Chairman, I appreciate this opportunity to inform the committee of several things about agriculture in Saskatchewan.

Agriculture is still the largest industry in our province.

Approximately \$4.5 billion of capital is used by the farmers of this province in the form of land, buildings, machinery, livestock and poultry.

There are approximately 135,000 workers employed in agriculture and about 50 per cent of the gross and net value of commodity production in the province is produced by agriculture. When I say 135,000 farm workers these are figures in the economic review that includes the operator of the farm, his family and in some cases hired help.

Because of the fact that many of our service, trade and manufacturing industries are based on the needs of farmers, a large part of our economy is dependent upon a healthy agriculture.

Our agricultural base consists of the following estimates and I point out estimates for 1966:

Area in farms in Saskatchewan comprise .....	65,000,000 acres
Improved acreages .....	44,400,000 acres
Cattle population according to our June estimates .....	2,253,000
Hog population according to our June estimates .....	428,000
Number of farms according to our 1966 estimates .....	84,500
Number of commercial farms, roughly .....	80,000

Production in 1966:

	Acre		Bushels
Wheat our farmers sowed .....	19,700,000	producing	546,000,000
an average yield of 27.7 bushels per acre which was an all-time record for both production and average yield.			
Oats as grain .....	1,790,000	producing	91,000,000
Barley .....	2,200,000		94,000,000
which again this year established a highest average yield per acre.			
Flaxseed .....	475,000	produced	6,700,000
Rapeseed .....	620,000	produced	12,400,000
The highest volume on record.			

Now we go into marketings for 1966:

Hogs, we marketed .....	466,360 head
Cattle .....	702,718 head
Calves .....	272,508 head
Sheep .....	42,494 head

Changes during the last 15 years are quite significant. The number of census farms, these are farms according to the census returns, 1951, 112,018. These had decreased to 93,924 by 1961 and our estimate in 1966 is 84,500 which I mentioned earlier.

Another significant change is in the size of the farm. In 1951 the average was 550 acres. By 1961 this figure had increased to 686 acres and our estimate as of last year was 769 acres per farm.

The number of cattle in 1951 was 1,200,000—I will just give it to you in round figures. In 1961, 2,100,000 and in 1966, 2,253,000 head, the highest on record for the province. The number of milk cows, 316,200 in 1951, down to 241,100 in 1961 and a further drop to 160,000 in our 1966 estimate. The number of hogs amounted to 533,300 in 1951; 640,800 in 1961 and 428,000 in 1966.

The average commercial farm in Saskatchewan in our Farm Management Clubs, of which we have about 120 clubs, comprising about 2,000 members in 1966 was made up as follows:

Land 1,100 acres (870 cultivated)

Total farm investment controlled by the members of these clubs was about \$80,000. The average labour force of 1.4 man equivalents. This includes again the operator, family and hired help, if any. I might point out there was practically no hired help.

Cash operating costs and depreciation per cultivated acre amounted to \$12. Machinery investment on these farms the average was \$17,300.

Land values have been rising rapidly in our province. During the last 50 years at a compound rate of 1.4 per cent or by a simple rate it would be the equivalent of about 300 per cent. During the last 26 years at a compound rate of about 6 per cent. During the last 4 years at a compound rate of about 15 per cent. In 1965 the average value per acre for land in farms, including buildings, was \$66. In 1966 we are expecting it will be at least \$75 per acre. In some districts the increases are even more dramatic. For those of you who are acquainted with our province, the western part of the province, for example in the area of Cabri to Leader, prices of \$120 to \$150 per acre are not uncommon, compared to prices at about one-third this level in the late 1940's. The same is true of the Regina heavy clay area and some of you passed over that this morning.

Good Melfort soils further to the North of us here, perhaps our most productive, are now changing ownership at around \$200 per acre.

For the sellers of land the high land values are good.

For beginning farmers, or those wishing to expand, these prices are posing a real problem in many cases, and for those relying on credit there is an increasing vulnerability to adverse economic or production developments.

Some of our concern—Saskatchewan is highly dependent on agriculture, and within agriculture, highly dependent upon wheat.

In a year like 1966 about 80% of our production is from field crops and of this about 80% is in the form of wheat.

Therefore, the province and its farmers are highly vulnerable to crop losses.

A more normal yield of wheat in the neighbourhood of 16 bushels per acre which has been our long-time average would mean at least 200 million bushels of wheat less than we harvested last year. This would mean about \$350,000,000 less to Saskatchewan farmers. The impact on our whole economy would be a severe cutback in activity. That, of course is business activity. If we compare the



value of agricultural production in 1966 with a drought year such as we experienced in 1961 we see the problem:

For instance, 1966 estimated field crops brought us in \$1,188,425,000; live-stock, \$359,900,000 for a total of \$1,548,325,000. Whereas, in 1961 field crops only brought in \$319,333,000; livestock only \$311,499,000 for a total of \$630,832,000. The difference is a really significant figure of \$917,493,000.

I think we can best qualify this by indicating to you once again that as far as Saskatchewan is concerned, and as far as the farmers of Saskatchewan are concerned, wheat is king.

To get back to a statement which is quite in the fore in our province lately, we at the moment are a have province but with a record such as this we could be a have-not province.

A difference of \$917,493,000 would seriously affect practically every sector of our entire economy.

Inflation is causing a serious problem for our farmers, especially because they have become so heavily dependent on purchased inputs needed for production.

When farmers were more self-sufficient such as in the 1930's or early 40's inflation was usually welcome. Now they get caught in a squeeze of fairly stable product prices and rising costs.

The problem is evident if we express the price of wheat in terms of constant dollars. In expressing it in terms of constant dollars we like to use the period 1935 to 1939.

Deflating current prices received by farmers for wheat by the national wholesale price index, we note the following: In 1966 the estimate, in current dollars, was \$1.75 compared to 69 cents in constant dollars.

1965 .....	1.70 compared to	.68
1964 .....	1.60 compared to	.65
1963 .....	1.75 as against	.72
1962 .....	1.67 as against	.70
1961 .....	1.75 as against	.75
1960 .....	1.58 as against	.68
1955 .....	1.38 as against	.63
1945 .....	1.64 as against	1.24
1935 .....	.60 as against	.64

The significant factor in the table is that from 1945 the price of \$1.64 to the present year of 1966 we have only had an increase of 11 cents per bushel in the price of wheat, in terms of constant dollars.

These figures show then that in constant dollars the price of wheat has not changed very much from 1935, whereas the costs of inputs are now about three times their 1935 level.

Increased production and higher levels of efficiency have made it possible for many to survive this type of squeeze.

I would note here that in the four years 1961-1964 analysis of farm management club members' farms show an increase in cash operating and deprecia-

tion costs of \$2.08 per cultivated acre, an average of 50 cents per year, almost \$1.00 an acre per seeded acre as nearly half our land in this province is customarily summerfallowed.

A series of good crops, including and since 1962, has concealed this effect.

However, you will appreciate our concern that higher grain prices are necessary if our medium-sized farms are not to experience serious income problems in years of average or below-average yields.

There is a great disparity of income between farms of various sizes, and the difference between our large and small farms is widening.

In the 1961 census about 1/3 of our farms sold over \$5,000 worth of products and about 1/3 sold less than \$2,500 worth or half the amount.

So you can see the gap is a wide one, and with many of our large farms rapidly getting larger we feel the gap also is growing.

Our mono-culture centered on wheat is partly a result of our limited alternatives.

We cannot produce corn or similar crops, the market for rye and flax is declining, and oats and barley are having trouble competing with wheat in terms of profitability.

In livestock we face the dual problem of not having a local market, and having a long costly haul to the concentrated markets in Eastern Canada. Notable differences, of course, are in hog prices where we have a difference of three cents per pound in hogs between Saskatoon and Toronto which would net about \$4.50 per hog.

Our livestock producers have to absorb these high freight costs, and this means that enterprises become unprofitable sooner here than they do in Eastern Canada, unless we have a surplus of cheap feed available. In this case the loss is shifted to grain producers.

Saskatchewan is still predominantly a primary producing area—agriculture, petroleum, forestry, potash and such, etc. . .

As such, it is increasingly vulnerable to higher costs of services such as freight and transportation.

The primary producer often cannot pass increased costs on to the next user so must absorb such costs themselves.

Thus we are extremely concerned when we hear of pending freight-rate increases, high wage settlements in industries manufacturing machinery for our productive processes, and so on.

Other briefs will undoubtedly add detail; but here we would emphasize our continuing interest and our concern in railway branch line abandonment.

We recognize that some rationalization is necessary, but we would stress that only very few lines can be abandoned without seriously affecting the cost of marketing to producers—not to mention the effect in small urban communities dependent upon these lines.

In general, however, gentlemen we are optimistic about Saskatchewan's future.

We mention the above mainly to let you know that to quite an extent our welfare depends on what happens in the rest of Canada. Also, we do this so the

rest of Canada will understand some of the handicaps of an inland area such as our province of Saskatchewan.

Now, Mr. Chairman, and gentlemen, it has been a pleasure to tell you a few things about our economy and the role of agriculture in it. I have only attempted to touch the highlights as I know you have an extremely crowded schedule. May I again say how much we appreciated your coming to Saskatchewan to learn firsthand of factors affecting our basic industry.

Thank you very much Mr. Chairman and gentlemen.

The CHAIRMAN: Thank you Mr. Minister. We have a list of members of the Committee who are desirous of asking questions. First of all, Mr. Jorgenson from Manitoba.

Mr. JORGENSEN: Mr. Chairman, may I at the outset congratulate Mr. MacFarlane on the presentation he made to us here this afternoon, which contains a lot of valuable information for the committee.

He has made it extremely difficult for us, however, to question him because he has not really asked for anything and we are accustomed to having people request assistance of some form or another. I suppose the only thing he could have done to make it more difficult would have been to have Ron Lancaster present the brief.

But, I would like to ask a few questions relating to some of the information contained in this brief. I notice on page 2, in paragraph (b) you mention that last year you produced 91 million bushels of oats as grain. How does this compare with 10 years ago, has production gone up or down?

Mr. McFARLANE: I think last year the production was down due to greater mechanization in the province and because of the demand for wheat. Oats would be down about one and half million acres roughly.

Mr. JORGENSEN: In the province of Saskatchewan how do oats and barley compare on an income per acre basis with wheat?

Mr. McFARLANE: I would say, on an income basis per acre with wheat it would not be quite as good because of the climatic and soil conditions in the province.

The farmers in Saskatchewan feel that, by and large, they are assured of a better return from wheat if conditions are dry and you would have a larger acreage in oats and barley disposing of the wheat we are growing. The farmers then, would probably try and market some of their coarse grains through livestock.

Now, this coming year it is hard to determine what the farmers will decide as far as their seeding plans are concerned.

I would feel that because of what appears to be an unlimited market for wheat during the next year or two, that farmers would be inclined to put by far the largest acreage into wheat rather than into oats or barley.

Mr. JORGENSEN: Is there a possibility, then, if this trend continues, if the market for wheat continues that you may not be able to be self-sufficient in coarse grains production?



Mr. McFARLANE: Well the big factor there is that our farmers are very hard-headed businessmen. They like to sharpen a pencil. If the price of oats and the price of barley becomes favourable and then, with new varieties of barley such as we had in the province this last year or two, there may be a tendency then to increase barley acreage. Oats would be mostly in this province, unless some favourable markets come up in the future, would be mostly used for feed production in the areas that are in livestock.

Mr. JORGENSEN: What percentage of the coarse grains that are grown within the province of Saskatchewan now are exported in interprovincial trade?

Mr. McFARLANE: The closest estimate we could probably come up with at the moment would be roughly 25 to 33-1/3 per cent.

Mr. JORGENSEN: It does not leave a very large margin for export. If the current trend continues could you foresee the possibility that you would not be in a position to supply the eastern demand for coarse grains?

Mr. McFARLANE: Once again, that would be a matter of price and this would be determined also, I would think, by the attitude of the eastern farmers with regard to the price of the corn they will grow down there and the yield they will get from corn and then the ratio of barley versus corn.

Mr. JORGENSEN: Mr. Chairman, I do not want to monopolize the time of the committee. I have a number of questions but I will limit myself to one more.

My next questions deals with paragraph (b) on page 3. You mention a number of milk cows and I note here that the number of milk cows in the province of Saskatchewan has been steadily declining from 316,200 to 160,000 in 1966. Are you self-sufficient in dairy production in this province?

Mr. McFARLANE: I think the day is coming when, unless there is an increase in the amount of our dairy farmers in Saskatchewan, we could have a problem and we would not be self-sufficient.

Mr. JORGENSEN: That is all I have now, Mr. Chairman.

Mr. DANFORTH: Mr. Chairman, I would like to add my words of commendation for this brief which will give members of the committee a lot of very necessary and concise background information. I would just like to dwell on one point, Mr. Chairman. I would like to ask Mr. McFarlane about the reference in the brief to the tremendous emphasis on one crop, namely, wheat and efforts being taken to diversify. I note the drop in milk cows and only a small increase in beef cattle and a drop in the production of hogs. Could I inquire as to what steps the government is taking in order to surmount this difficulty that we always experience with a one-crop economy.

Mr. McFARLANE: As we pointed out earlier in our brief, we indicated to you the number of acres in total in the province and the number of acres under cultivation in the province and we decided, because of the climatic factors the livestock producers in Saskatchewan have to contend with—We have had experience in previous years when trying to build up our livestock herd numbers of having a drought like we had in 1961 and having to bring in feed from other provinces—one of things that we decided would have to be done in order

to sustain our farmers investment in livestock would be to set up community pastures throughout the province.

We will have, as far as the Department of Agriculture in the province is concerned, very close to 50 of these community pastures in operation by next summer which would handle about 70,000 mature animals plus calves. At the same time we are trying to emphasize winter feed supplies.

Therefore, we are trying to encourage our farmers to put up a supply of feed that would last over a period of two winters, supposing we had two tough years and, the Department of Agriculture at the same time is acquiring submarginal lands and putting them into forage to be leased out to our farmers.

This, the problem of feed supplies, we think is one of the big problems. We think this will help out in our beef cattle industry because there are some areas of the province that are more adaptable to growing wheat than to producing livestock. There are some areas of the province that are more adaptable to livestock than growing wheat.

We would think that the emphasis in the future will be on the areas, if we are going to increase and sustain our cattle numbers, adapted to the production of livestock versus wheat. This is where our main emphasis will be concentrated.

Now, as far as hogs are concerned we have, through the government and through SEDCO, the Saskatchewan Economic and Development Council, made it possible for people who want to go into the hog business to acquire loans. Because of the interest in that and other factors, I just noticed this morning that hog production in Saskatchewan as of December 1st, 1966 was up by 24 per cent.

We have had the highest increase of any of the western provinces, higher than the national increase right across Canada. Now this is going to be a factor when the farmers can sell their wheat they will not bother too much with hogs.

If they have a large amount of wheat or coarse grains on hand then they will market as fast as they can and hogs will be a practical alternative. We would hope that our hog numbers will increase.

As far as milk cows are concerned, our dairy industry, we have been able to maintain as of late the amount of milk and cream required simply because the quality of the individual cows in our herds in Saskatchewan has increased. So milk production has gone up; butterfat production has gone up, efficiency has gone up and so we have not got into too much trouble.

But in Saskatchewan we are geared, as we say, for a wheat economy. We are mechanized and with the problem of help, it is harder for a person to get into the dairy industry and get help to maintain himself in the dairy industry. Therefore, this is one place that is affected.

I think there is a trend all across Canada with regard to sheep. As far as we in Saskatchewan are concerned there is money to be made in sheep as a secondary livestock enterprise.

The sheep population in Canada has been declining rapidly over the years.

They have a great deal of land in Saskatchewan we feel is adaptable to sheep and a great many farmers we feel could be interested in sheep. Last year for the first time in history we set up a community pasture exclusively for sheep,

where the farmers could take their sheep, put them in their pasture in the spring and bring them out again in the fall.

Now this program was so popular that we had requests for more sheep pastures. Next summer we will have four sheep pastures operating and they will be able to handle about 8,000 mature ewes plus their lambs. So we feel this will give impetus to the sheep industry.

All of these problems that we face, we are taking what we hope will be corrective measures to get people interested in getting back into livestock.

Mr. RAPP: Mr. Chairman, just a short supplementary. The Minister had mentioned community pastures. Is there a shortage of community pastures in the province? Is there a great need for community pastures?

Mr. MCFARLANE: I think I could best answer that, Mr. Rapp, by indicating that there is quite an interest in more community pasture facilities in the southern part of the province. This is the area where there are big ranches and large livestock numbers and it has been that way for years.

Now, we are having an increasing demand for community pasture facilities in the northern half of Saskatchewan. We are going ahead with that. There were about five new pastures opened last year and five more again this year and we think we are in a better position to fill the need of the livestock man in northern Saskatchewan than we have been. I think the pressures would still be in the South but I think we have pretty well caught up with most of the pressures in the North.

The CHAIRMAN: I just want to remind the Committee before we go any further in the questioning that we should be trying to stick as closely to the operations of the Wheat Board as possible and how the wheat and feed grains affect the operations of the wheat board. What time do you have to leave here Mr. Minister?

Mr. MCFARLANE: I should get back for three. If I have to go I am sure Mr. Horner, my deputy and Mr. Brown will be quite pleased to spend the rest of the afternoon with you.

The CHAIRMAN: We have lost some of our Committee members who are visiting your legislative assembly at the present time. I know that is where they have gone.

Mr. DANFORTH: I have just one more short question and then I will pass.

Mr. Minister, following the trend established by Mr. Jorgenson, we in the East are very much concerned about the availability of supplies of coarse grain for our feeding programs.

Now, I understand and we have been shown during our trip this morning, which was very much enjoyed, that there is a trend towards putting crops that would normally be summerfallowed into continuous crop and that there is an increased use of fertilizer to increase the fertility of the soil.

Is it the opinion of the Department of Agriculture here that part of this land and part of this increase will be devoted to coarse grains rather than solely to the production of wheat?



Mr. McFARLANE: This could best be answered by indicating to you the cropping patterns in many of the areas of the province. The southeastern part of the province, I would say, would follow a wheat, coarse grain, summerfallow rotation. I think these areas would be those most likely to produce a continuous supply of coarse grain. Mind you, the first indicator as to whether farmers will go into coarse grains as compared to wheat will be the price of those coarse grains.

As I indicated a little earlier, because of new barley varieties this year farmers have almost been able to double the average yield of barley this year as compared to other years. If they can get the types and varieties which will produce large amounts then I do not think it would be a serious factor.

With the increased use of fertilizer and with a market I do not think the farmers in this province would hesitate to grow coarse grains. Once they know there is a market available I think they can quite easily gear themselves for this market.

Mr. DANFORTH: Thank you, Mr. McFarlane, I pass.

Mr. MUIR (*Lisgar*): Some of my questions have been asked, Mr. Chairman, but I have one or two questions I would like to ask the Minister. Before I do I would also like to congratulate the Minister for the concise and informative brief he presented to the Committee this afternoon. This is the kind we like with lots of information and not too many words.

I would like to mention the production on page 5 of your brief. The figures you show before this indicate that up to about 1961 you had wide swings in your production.

Now, I would imagine that you would attribute some of this probably to improved farm practices and tillage methods. But the fact remains it still takes so much water to make a bushel of wheat. Do you feel that the improved tillage has been storing the moisture so you actually do have the required amount of water?

Mr. McFARLANE: Perhaps I could, for members of the Committee, indicate why our yield fell so low in 1961. In that year the experimental farm at Indian Head had been keeping precipitation records for 75 years. In 1961 we had the lowest rainfall in the whole 75 year period.

We had a crop which averaged about eight or nine bushels per acre that year but the reason we reached even that average was because of the favourable moisture conditions which carried over from the year before.

I would say this, however, because of the farming practices in our province at the present time; because of the high degree of mechanization, our larger farmers and commercial farms I mentioned, are now in a position to go out and take advantage of just about any weather factor.

Now if there is a wet spring they are set up now where they can get out, inside of three or four days and get their whole crop in and take advantage of the weather conditions. We had the same factor in the fall of 1965 when we had probably the worst September on record. Most of our crop was down under about three snowstorms.

When the weather cleared, our farmers went out, took off the balance of the crop in a little over a week or ten days and surprisingly enough a lot of it came off dry. So our farmers are now mechanized to the extent where they can take advantage of weather conditions more so than they were 10, 15 or 20 years ago.

Mr. MUIR (*Lisgar*): Would you consider, then sir, that even under drought conditions you would not expect the decrease—

Mr. McFARLANE: I would not expect it to be so abrupt. But I would like to indicate here today that if we had two, three or four dry years in succession then our economy could be in deep difficulties and our farmers too.

Mr. MUIR (*Lisgar*): Do you have any figures on the increased use of fertilizer in the last few years?

Mr. McFARLANE: I cannot, offhand, give you the number of tons we used this spring but I know we used 214,000 tons in the spring of 1966 which was just about double that used the previous spring.

Mr. MUIR (*Lisgar*): Do you expect, with the discovery of fertilizer within the province, namely, potash, a decrease in the price to farmers, any appreciable decrease?

Mr. McFARLANE: It has no effect whatsoever on the type of fertilizer we use.

Mr. MUIR (*Lisgar*): Oh, you are not using potash?

Mr. McFARLANE: No. But this fall we started our first soil testing facilities within the province, where a farmer can take soil samples, send them in to the university and the university will classify the soil and indicate to the farmer how much and what types of fertilizer and what rate is needed. We feel this is going to be a big factor in production.

Mr. MUIR (*Lisgar*): You are giving the farmers information with regard to the type and quantity of fertilizer they need to use?

Mr. McFARLANE: Yes, the formula and the amount.

Mr. MUIR (*Lisgar*): My other question has to do with the figures on page 6 of your brief. You did not say anything about what price you feel would be adequate to give the necessary increase in constant dollars to allow for the increase in costs over the past ten years.

Mr. McFARLANE: If we follow the figures we outlined to you here in this brief, they indicate that the cost has risen to about \$1 per summerfallow acre and having regard to the average long-time yield an increase of at least 20 cents a bushel could be justified.

Mr. MUIR (*Lisgar*): That would be 20 cents that comes back to the farmer. Do you think that would be adequate? I think we have heard briefs asking for an increase up to about—

Mr. McFARLANE: I am a farmer myself and if I set one price I would have every farmer in Saskatchewan disagreeing with me. I think the farmers in this province think the higher the better.

Mr. MUIR (*Lisgar*): I agree with that. Thank you, Mr. Chairman.

Mr. OLSON: Mr. Chairman, I too would like to add my congratulations and commendation to Mr. McFarlane for his brief. On page 3, Mr. McFarlane, you say the costs have risen to \$12; cash operating costs and depreciation for cultivated acres, \$12 per acre. Does this include only the seeded acreage or is this the total acreage of the farm?

Mr. MCFARLANE: This is the cultivated acreage per farm. As I say also in the brief, if one-half is in summerfallow and one-half in crop you would double it.

Mr. OLSON: Does this cost factor include what some of our accountants refer to as crops of money, the investment in the land, whether it is borrowed or not?

Mr. MCFARLANE: No. It is just the cash operating cost and depreciation for cultivated acres. Now this is the cash input to put the seed in the ground, fertilizer, fuel, oil, and so on.

Mr. OLSON: You give the Melfort area as an example of \$200 an acre land at 5 per cent. You could add another \$10 to this then? Is that correct?

Mr. MCFARLANE: Yes.

Mr. OLSON: Now, Mr. McFarlane you talk about this one-crop economy factor. Your statement reads:

Our mono-culture centered on wheat is partly a result of our limited alternatives.

But is there any real physical impediment to changing to other cereal grains? If the economic structure or the price was favourable for oats and barley or even flax and rapeseed, there would not be any great difficulty in changing would there?

Mr. MCFARLANE: I would say as far as oats, barley, flax and rye are concerned I do not think there would be any difficulty if the price was attractive.

Mr. OLSON: You say on page seven that:

A series of good crops, including and since 1962, has concealed this effect.

The effect of the higher costs per acre that have gone in. Do you expect that the production of cereals in Saskatchewan will go down appreciably at any time, taking into account the new methods and new varieties and fertilizers and all of the other assists that farmers are using now in relation to what they did a few years ago?

Mr. MCFARLANE: I am afraid that due to climatic conditions or things like that that we could be in serious trouble. But, given favourable rainfall conditions, favourable growing and harvesting conditions, with newer methods and techniques and the new services now available to the farmer, given the same set of circumstances I would think they would increase. But we are subject in this province to the climatic factor. This has been the history of Saskatchewan. Even this could affect the best farm management practices.

Mr. OLSON: You are up to over 500 million bushels of wheat now, 546 million bushels. This, I take it, is substantially higher than your ten-year



average or what you produced even in any given year ten years ago or so. You do not expect this to drop back anywhere near those levels do you?

Mr. MCFARLANE: Our total production of wheat was the highest on record this year because of a carry-over of favourable moisture conditions from a year ago plus the publicity that the recent wheat sales created throughout the province. As a result of that there was a great deal more second crop or stubble went into the production of wheat than in previous years.

Mr. OLSON: Do you expect the farmers of Saskatchewan to continue raising this even beyond the 546 million bushels if marketing conditions look favourable?

Mr. MCFARLANE: That would be pretty hard to decide at the moment.

Mr. OLSON: Let me put the question this way. Have you any additional land that could go into wheat production if there was an economic incentive to do so?

Mr. MCFARLANE: There are about 200,000 to 300,000 acres of new land being brought into crop production in this province annually. So on that basis to your question is there additional land that could be put into wheat production, I would have to say yes. Quite a substantial portion of this quarter of a million acres that comes into cultivation annually would be put to wheat for first crop.

Mr. OLSON: How long do you think you are going to extend your acreage at this level?

Mr. MCFARLANE: The way it is going at the present time, perhaps for a ten year period. The land is still available in our park land areas. The farmers are gradually clearing up bush, draining sloughs and bringing some of this type of land into production.

Mr. OLSON: Mr. McFarlane, you mentioned, in response to Mr. Jorgenson's question, I believe, that it is the policy of your Government to encourage increased cattle populations over the whole of the province.

Have you set any target for this increase in cattle population? For example, how many do you expect to have in Saskatchewan by 1970?

Mr. MCFARLANE: I think we had hoped for about three million head by 1980 and have the facilities available for carrying that many head. Now this will depend on the farmers.

Mr. OLSON: My last question, Mr. Chairman, is in relation to the statement made on page 7, I believe it was, where you say:

However, you will appreciate our concern that higher grain prices are necessary if our medium-sized farmers are not to experience serious income problems. . .

I am not trying to ask you to take into account all the ramifications of the international wheat market, but, based on costs, what you anticipate in rising costs, how much do you think it ought to go up in another three-year contract? That would be until near 1970? That is in so far as the return to the farmers is concerned.

Mr. MCFARLANE: Let us work it out. I said before, based on the increased cost of \$1 an acre, if this trend continues there will be an increase of \$1 an acre for the next three years.

It would follow then that if the first year you had an increase of 20 cents, the second year, because of an additional increase you would have to go to 40 cents and the third year you would have to go to 60 cents if you based it on that formula.

Mr. OLSON: Sixty cents over the maximum we have now?

Mr. MCFARLANE: At the present time.

Mr. OLSON: Do you think these increased costs would have taken place if it had not been for these unusually high yields you have had for the past three or four years?

Mr. MCFARLANE: The higher the yield in this province should result in a crop costing less in comparison.

Mr. OLSON: I am asking you this question, Mr. McFarlane, because I am wondering if some of the farmers have not actually added more equipment, bigger equipment and more sophisticated and more costly equipment than they would have added because of these crops. They may not have done this had it not been for these unusually high crops. Would this factor enter into this \$1 acre or 20 cents per cultivated acre annual increase?

Mr. MCFARLANE: I would have to say it would be a possibility because when the farmers say there were opportunities for a sustained market they felt it was the proper time to mechanize accordingly.

Mr. OLSON: Thank you, Mr. McFarlane, I will pass for now.

The VICE-CHAIRMAN: If you are finished with your questions, right now, then I call on Mr. Clermont, please.

*(Translation)*

Mr. CLERMONT: Mr. Chairman, I also want to congratulate the Minister for the conciseness of his brief, and I would like to make a comment in regard to his remarks about the Grey Cup. If I can trust the remarks that were made to me in Vancouver and Calgary, they will not be the only ones in the League—there are others who intend to come into the League in Ottawa to defend the Grey Cup. We, the representatives of Eastern Canada, we have given you Lancaster, but we are not going to let you have the Grey Cup by yielding him out to you.

*(English)*

Mr. MCFARLANE: Well, all I can say is that the people in the East have made a lot of mistakes and the West are always ready to take the best of opportunity. If you can find a few more Lancasters we will take them too.

Mr. CLERMONT: You got Lancaster because Ottawa had a surplus of quarter-backs. Maybe with your surplus of grain in the West the eastern farmer can buy his feed at a lower price.

(Translation)

The question I want to put to the Minister is the following one. In regard to his mention of the price, on the Saskatoon and Toronto market, there was a difference of a few cents a pound between the Saskatoon and Toronto market, for the Eastern farmers. Does the fact that the Eastern farmer has to pay a higher price for his grains not compensate for these differences?

(English)

Mr. MCFARLANE: I think the answer to that would be the eastern farmer now, I think, would be thinking in terms of corn versus barley and the western farmer is still thinking in terms of the differential between the price he would get paid for a hog here in Regina or Saskatoon as against the price the eastern farmer would receive in Montreal or Toronto.

The feeling in western Canada has been that they were helping to pay the subsidy of shipping the feed down to eastern Canada and at the same time having to bear the disadvantage of the differential in the price they would receive here for a hog as compared to eastern Canada. I think this would be the big factor there.

(Translation)

Mr. CLERMONT: Mr. Minister, page 7, you mention that in 1961, a third of the farmers had a revenue of more than \$5,000 and another third less than \$2,500. Have you more recent figures than those at your disposal?

(English)

Mr. MCFARLANE: No these were the census figures of 1961 and I must apologize that we do not have any more recent figures. We are quite interested in what the figures will be after we have the results of the 1965 census.

(Translation)

Mr. CLERMONT: On page 9, you show great interest in railway transportation and freight. Would you object to making comments in regard to a transport bill which was adopted by the House of Commons recently in regard to these railway lines? Would you like to make any comment on that?

The VICE-CHAIRMAN: Mr. Clermont, would you please repeat your question? I think the Minister did not fully understand, he did not have time to get your question.

Mr. CLERMONT: At page 9 you mentioned branch line abandonment.

Mr. MCFARLANE: I would like to stress, on this occasion, the fact that our farmers and the other people in the areas that would be affected by rail line abandonment or the lifting of these lines would want to firstly make sure there were alternate transportation facilities available to them.

They realize, of course, if they are going to have to transport their produce further to market that this is going to be an added cost and a decrease in the final realized price.

They realize, of course, too that as far as our municipalities in this province are concerned, that if their rail lines are taken up new market centres may have



to be set up. This, of course, is going to create concern as far as planning of market roads, good roads to get the products to market is concerned.

Also, the government of the province of Saskatchewan would be concerned because they too would be responsible then for having to set up an alternative highway to service these communities. So our people are concerned.

They would hope that the whole economic well-being of these affected communities would be taken into consideration before any final judgment was made.

They would hope they would have every opportunity to present their feelings and their concern to whoever is responsible before a final disposition was made.

Mr. CLERMONT: My last question, Mr. Chairman, will deal with page 7, the second paragraph, where you state:

...in the four years 1961-64 analysis of farm management club members' farms show an increase in cash operating...of \$2.08 per cultivated acre...

Would you have a corresponding figure for an increase or decrease in revenue for the same period, 1961-65?

Mr. McFARLANE: I am sorry, sir, I do not think we could give you the information you request. This is just a figure for showing the costs and the revenues of the members would fluctuate according to the yields they attained.

Mr. CLERMONT: You have no figures to show any increase or decrease for the same period?

Mr. McFARLANE: We used 1961-64 and in 1961 the average yield for wheat in the province was 8.5 bushels; in 1962 it had risen to 20.4; in 1963 to 27.5; 1964 it was reduced to 18.1 and in 1965 to 21.6. So there would be a fluctuation from 8.5 to 18.1 in the period we referred to there.

Mr. CLERMONT: Thank you, Mr. McFarlane.

Mr. CADIEU (*Meadow Lake*): I would also like to compliment the gentlemen on this brief. While the previous speakers covered part of my question I am very happy to notice in here on page 9 a reference to how seriously rail line abandonment could affect the cost of marketing produce.

I was wondering if the provincial government was doing anything to try and compel the railway companies to complete some of the gaps in the branch lines that were not filled in and left people without rail service for a lifetime. They have had to haul their produce from 50 to 60 miles.

I am referring now to the gap between Frenchman Butte and Heinsburg, Alberta and St. Walburg to Grand Centre. This was recently brought up in the House of Commons and I had brought it up on a number of occasions down through the years but I did not get support until recently. They have noticed the danger now of losing what they have got. I was wondering what your government would do toward making a study to see why these gaps have never been completed.

Mr. McFARLANE: I would say, Mr. Cadieu that it would be a very interesting type of study. The surprising thing in this province at the present time, many people are thinking in terms of rail line abandonment.

All the information they get leaves them with the impression that all that is happening in Saskatchewan is that rail lines are being picked up. But, because of new industrial development we also have new rail lines going in to other parts of the province to tap the resources in those areas.

Therefore, we have a few things happening; in some areas a prospect of lines being lifted and in other areas new lines being built.

Now I think the area you are interested in and concerned about is an area where something has been hanging on for years, and years and years and possibly there are reasons or conditions that could be looked into.

Mr. CADIEU (*Meadow Lake*): I brought up before the transport committee that there should not be any shortage of railway materials.

Mr. JORGENSEN: It is not any worse than Vancouver.

Mr. WATSON (*Assiniboia*): It is not any worse than that unfinished bridge at Moose Jaw, is it?

Mr. CADIEU (*Meadow Lake*): Oh yes.

Mr. HORNER (*Acadia*): Mr. MacFarlane, you deal in your brief, at page 5, with the question of inflation, and at pages 6 and 7 with the question of cost. At page 8 you touch on the mono-cultural agricultural society of the province of Saskatchewan.

We have been told again, at pages 8 and 9 you deal with freight rate costs. You seemed concerned with the built-in costs of agriculture. Now, we have been told continually by experts—that includes a lot of people—

An hon. MEMBER: Civil servants.

Mr. HORNER (*Acadia*): —I was thinking more of professors. We have been told for years by experts that the solution to the agricultural problem is to cut down costs, to offset costs is to get larger and larger and larger. In view of Saskatchewan's particular position, it has, to a large extent, gone through this phase in agriculture, I say, to a large extent, but not completely, perhaps. We see larger and larger farms and some deally large farms.

But, in view of Saskatchewan's particular position right now with regard to the completion of the South Saskatchewan Dam and land being made available for irrigation, do you see a possible answer to the alleviation of the building prospects is a greater diversification in the Saskatchewan agricultural picture?

Mr. McFARLANE: I would see greater diversification in agriculture in our province in years ahead. I can see greater intensification developing in agriculture in our province in the years ahead.

I can see that because of increased efficiency and possibly, to a degree, by the increasing of some of the holdings and by so doing being in a position to purchase more and larger equipment; taking advantage of favourable climatic conditions to meet costs of investment in accordance with present prices.

This may put some people in a more favourable position. But, then, I would say this, and it is my own thinking, that the day could come when because of your efficiency you could produce a product at a price whereas the rest of the sector in that industry could not.

Once that product has been produced at that price it tends then to become the price for that product. It could be advantageous for the larger operator, if the price is allowed to remain at that figure, it could affect the industry as a whole and create trouble.

Mr. HORNER (*Acadia*): This is the point I was wondering about particularly. I think the easiest solution, naturally, is to say yes, larger and larger is the answer. But what is large today is small tomorrow and where are we going to end up is the question that comes to my mind.

In Canada today we find ourselves importing something up to about \$800 million worth of agricultural goods other than coffee, tea and citrus fruits. I think the challenge in agriculture in Canada today is to move in and fill this vacuum in the production of agricultural goods. I see Saskatchewan being climatically well-suited because of its hot weather.

The CHAIRMAN: How about Alberta?

Mr. HORNER (*Acadia*): Yes. If you do not mind me saying this, Mr. McFarlane. Saskatchewan is known for its dry, hot weather. This is a necessity in the production of many, many types of goods. I could say, perhaps even tobacco might some day, some new variety, be grown here, even cotton someone suggests.

With the advent of the South Saskatchewan Dam and the availability of ample water and your special climatic conditions, is your Department looking at this picture with the development of new crops or new crop varieties as part of the solution to agricultural problems being further intensification and further diversification?

Mr. MCFARLANE: I would say that probably one of the biggest factors that will affect agriculture in Saskatchewan in the years ahead will be the amount of acreage in our province that can be developed for intensification and for diversification by virtue of the fact it will be able to have water supplied to it through the South Saskatchewan River irrigation project.

There is renewed interest because of this in our province at the present time in truck-gardening, in forage which is going to be a big factor, in the production of forage and legumes right in the heart of our livestock area in Saskatchewan. This is the area which has suffered so much in the years of drought.

We think this will be one of the big salvations for our livestock industry. It goes all the way down the line. Once you get into one specialized crop it leads to some industry moving in.

When we go into the South Saskatchewan River irrigation area, the Broderick area, the Outlook area, we will get into the production of forage, even into horticultural projects, supplying the needs of the people of our province.

It even creates industry among the beekeepers in the province. They are now watching with interest the development in the South Saskatchewan with



regard to legumes and they are ready to move in and set up a bee industry in the province. We have, of course, a good market in Great Britain for our honey at the present time so our beekeepers will benefit from this.

Mr. HORNER (*Acadia*): Would you permit me one further question, Mr. Chairman? In your Department—You say there is renewed interest in the province on the part of various industries, but is your Department actively engaged in research into the development of new crops specifically suited for this province? Or, is it leaving this all up to Ottawa?

Mr. McFARLANE: I would answer your question this way. Our Department, because of the interest in this new development in the province, is very keenly aware of the possibilities, to begin with even the structural development out there.

Personnel from our department have gone to Alberta and different states in the Union to see the latest techniques in developing irrigation canals and all this type of thing so our structures will be the most modern that we know of.

Following that up we will have staff in our Department who we think will be able to counsel the farmers who are engaged in irrigation in that area in the latest techniques in the development and production of these special crops.

Our Department is in touch at all times with any information that comes from the United States by way of extension and research, with Ottawa and with our universities; wherever we can pick up the information. But, set up a special staff at the present time for this type of thing, I would have to say no because we have not.

Mr. HORNER (*Acadia*): Well all right then, you cannot expect the livestock industry to be the sole end-user of your water. I am just throwing this out. You should not expect the livestock industry to be the sole end-user. You suggest that 80 per cent of the feeding crops are wheat.

I believe this may be good for the time being but your Department should be looking ahead and should be setting up a special research area where it should go into the development of new crops which we will be able to use the water for more cash crops, besides the livestock and forage industry. In recent years we have seen, for example, rapeseed move into the province of Saskatchewan. More crops should be developed like rapeseed.

Mr. McFARLANE: Let me put it this way, because of the nature of the project and because of the accessibility of water that now people who are professionals in specialized crops are interested in coming into our province and establishing and they themselves have market connections before they even come in here. They know where they are going to market their produce and are experts in their field.

Mr. HORNER (*Acadia*): Yes, but people look to government for leadership and a formula for Saskatchewan agriculture. I would like to hope that you are providing more leadership here for your Saskatchewan crops than what we see in Ottawa today. The Chairman is giving me a dirty eye, I had better keep quiet.

Mr. GUNDLOCK: Mr. Chairman, may I ask a supplementary to the Minister. You mentioned a moment ago about research in Alberta and the United States

as pertaining to the irrigation development in connection with the Saskatchewan dam. I understand you have a program of assistance for farmers attempting to enter into the irrigation program. Could you give a brief outline of that? We heard, as a matter of—

The CHAIRMAN: I think, rather than ask the Minister about this, you will have an opportunity to talk to the PFRA people which may be better.

I am only trying to speed the meeting up because we are really taking longer here than we intended. We have the Pool people to make a presentation and one other witness we are supposed to hear this afternoon.

Mr. GUNDLOCK: Well it is a government proposition, Mr. Chairman, not PFRA.

Mr. McFARLANE: I would say, that to those people did not wish to irrigate in the area and wished to sell their land to the government—

Mr. GUNDLOCK: No, sir, I asked what assistance do you give to the people who want to irrigate?

Mr. McFARLANE: We have taken over the lands we acquired and we will allocate them to individuals who are interested. We will pay one-third of the cost of land development and one-third of the sprinkler investment too for the farmers who go into this type of farming.

Mr. GUNDLOCK: You will pay one-third of what?

Mr. McFARLANE: We will pay one-third of the cost of land development, for ditch-type irrigation and one-third of the cost of sprinklers for those who wish to use them.

Mr. GUNDLOCK: What about the balance?

Mr. McFARLANE: They can get loans or grants for development.

Mr. GUNDLOCK: Loans or grants?

Mr. NOBLE: Mr. Chairman, a supplementary as a follow up to what Mr. Horner has been asking. I notice the Minister went over a list of the supplementary and possibly complementary industries that you might develop in this province. I notice that you omitted to mention anything about the fur farming industry and I was wondering if you had this under your jurisdiction?

Mr. McFARLANE: The fur farming industry in Saskatchewan was under the jurisdiction of the Department of Natural Resources. In the future it will be brought under the department of agriculture.

Mr. NOBLE: I hope you encourage it.

The CHAIRMAN: I do not know what that has to do with the operations of the wheat board.

Mr. RICARD: Mr. McFarlane, am I interpreting your figures correctly on page 2 when I conclude that you have about 4,500 family farms and the rest are all commercial farms?

Mr. McFARLANE: These are the total farms in the province.

Mr. RICARD: The 4,500 or the 165?

Mr. McFARLANE: These are just estimates and when they were drawn up the figure you are speaking of, the 4,500, would be those farms with a revenue of less than \$1,200 in 1961.

Mr. RICARD: Then would you classify those farms as commercial farms or family farms?

Mr. McFARLANE: No, maybe submarginal farms: some of them may be even classed as hobby farms and other smaller acreages, I imagine, around the urban centres; part time farms.

Mr. RICARD: Have you any program within the Department to encourage family farming? Does the government have any programs to encourage the establishment or continuation of family farming?

Mr. McFARLANE: I would modestly say that practically all our programs in the Department of Agriculture are aimed at the preservation, maintenance and expansion of family farms in our province.

Mr. RICARD: A young farmer would have facilities to establish himself on a farm? Do you give them grants or subsidies or anything like that?

Mr. McFARLANE: They would have access to the present means of credit through FCC, FILA, Co-op Trust and these types of provincial credit facilities and they can apply to the government, through the opening up of new areas of farm lands in the province, to acquire these new lands. If there are young farmers who have other sources of credit, through their family or machinery, they too can be in a position to acquire some of these tracts of lands which are available.

Mr. RICARD: According to the figures you gave us, the acreage on the farms has a tendency to increase. Do you think it has reached a summit or do you expect there will still be increases?

Mr. McFARLANE: Do you mean that the average size farm will increase in the years ahead? I would have to say that following the trend that has been taking place during the past few years we have not at the moment reached the peak of our cycle.

Mr. RICARD: I still have one question and then I will be finished. On page 7 you say that one-third of the farmers have sold about \$5,000 worth of agricultural products and the other one-third has sold about \$2,500.

Mr. McFARLANE: Less, yes.

Mr. RICARD: Do you think the yield per dollar since 1961 has increased or decreased?

Mr. McFARLANE: The yield?

Mr. RICARD: For farmers, I mean.

Mr. McFARLANE: I would think making a guess here, without looking at any reports or any statistics, that the top figure would be increased and the margin narrowed at the bottom.

The CHAIRMAN: Before we terminate this part of the meeting I want to thank you, Mr. Minister and your staff for coming here. I would also like to



clarify one thing. I believe you are well aware of the tremendous research that the federal Department of Agriculture is doing through its research facilities.

When you speak of legumes in our area, this irrigation project you are talking about is in our area, I only wish we had some of the aid you are giving to your farmers in the area I come from where we have to spend 100 per cent of this aid ourselves.

I want to thank you and I believe the photographer is asking members to stay for a moment so he can take a picture. We are adjourned until the next witnesses—

Mr. MCFARLANE: Mr. Chairman, before you adjourn I would just like to express my sincere appreciation, once again, of having the opportunity to be with so many distinguished gentlemen this afternoon. I want to welcome our members from Saskatchewan who are back for a day or two and I hope you show the members from other parts of Canada a real good time while you are out here.

I sincerely hope, Mr. Chairman, that we may have opportunities like this in years ahead when we can sit down with representatives from other provinces in Canada and discuss, mutually, some of our concerns and where we are going in agriculture, not only for the welfare of our own province but for the welfare of all citizens in Canada. It has been a real pleasure and I hope you enjoy your stay in Saskatchewan.

The CHAIRMAN: I just wanted to say that one of the members from Saskatchewan told us yesterday of an invention Saskatchewan had created. It was Mr. Rapp, and I will let you guess what he told us was developed in Saskatchewan.

Mr. MCFARLANE: If he said it was the pill he is not correct.

The CHAIRMAN: It was not the pill. One of the things, I think, that Committee members and Members of Parliament are concerned about, being as it is our centennial year—some people call these trips junkets, we call them fact-finding trips—that we, as federal Members of Parliament learn as much about Canada as possible. We hope that this is one of the ways we can understand our nation better and help the people in the individual provinces understand Canada better.

Recess.

After recess.

The CHAIRMAN: Gentlemen, we have with us the First Vice-President of the Saskatchewan Wheat Pool, Mr. E. K. Turner, who will present a brief on behalf of the pool. We have some of his officials here and I would ask Mr. Turner to introduce them at this time.

Mr. E. K. TURNER (*First Vice-President, Saskatchewan Wheat Pool*): Thank you, Mr. Chairman and members of the committee. I would like to introduce to you, on my immediate left, Mr. Bob Phillips, the Director of our Research Department in the wheat pool, and also Mr. Wes Ball, the Manager of our Country and Terminal Elevator Division.

Mr. Chairman, at the outset I would like to say that I really do not expect to get any plaudits for the brevity of our brief. However, when we are asked to

comment on questions that are of vital concern to our farmer members we jump at the chance. We have illustrated in this brief our area of concern.

With your permission, Mr. Chairman, I would choose to summarize the first 12 pages and then read the balance of the brief.

The CHAIRMAN: What we should do, I think, is agree to have Mr. Turner summarize the first 12 pages, but print the whole presentation. Is the committee agreed on this?

Some hon. MEMBERS: Agreed.

Mr. TURNER: Mr. Chairman and Committee members, on behalf of the farmers who own and operate the Saskatchewan Wheat Pool we welcome you to Regina which, among other things, is the location of our head office, the geographic centre of Canada's wheat belt, the home of a number of other important co-operatives and also of the Grey Cup champion Saskatchewan Roughriders football club. We are all very pleased indeed to have you come our way to give us the opportunity to tell you something about the matters which seem most important to us.

Our intention in this statement is to outline, as clearly and as briefly as possible, the role of the Saskatchewan Wheat Pool in the agricultural industry of Canada and to bring to your attention some of the perplexing problems which confront the pool and its farmer members.

We have a number of formal briefs and submissions on some of the questions raised in this statement, and copies of these other documents will be made available if you wish. We are available to answer any questions that the statement suggests.

We have circulated a copy of our annual report for your perusal at your leisure. In the first few pages we set out the aims of our organization and the objectives we attempt to reach through our organization. We talk about the democratic structure of the organization, which indicates why we are sitting before you today. We are here to represent the members who have built the organization and who have elected me to this position of First Vice President.

The next two pages illustrate this. We talk about our role as a co-operative and how we participate in co-operative organizations. We talk about the two-way flow of information from the farmers to the organization and from the organization back to the farmers. Under "The Pool in the Marketplace" we talk about the history and philosophy of our organization.

We talk next about the commercial services we provide as an organization, grain handling in the country and at the terminals, our livestock handling yards around the province and our interest in livestock marketing agencies in Manitoba. We talk about the processing that we carry on in the flour mills and vegetable oil plants located in Saskatoon, and also about the Western Producer, the weekly farm paper, and also the Modern Press publishing company in Saskatoon; our area of farm supplies or services to our farmer members throughout the province; and then we speak of a number of other co-operative ventures that we have an interest in.

Towards the close of this section, at the bottom of page 12, we speak of the employees of our organization and the affiliations that they have with labour

unions and how they are attempting to improve their capabilities, and the encouragement that we give them in this regard.

I will start to read, then, at the top of page 13.

### *Farmers Face Three Kinds of Problems*

Farmers tend to be individualistic and most of them prefer to solve their own problems by themselves insofar as they are able. But, many problems cannot be solved by individual farmers on their own farmsteads. Sometimes the problem is simply too large for the individual to handle and sometimes an individual solution for one hinders his neighbor and therefore may not be best for the industry. Saskatchewan farmers came to this conclusion years ago before they established the Wheat Pool and it was largely because of this that the Pools were organized.

The original objective of the Pool was to market its members grain. This was one problem farmers found they could solve better collectively than by themselves individually. Through the years the farmers have added other items to the list of problems they believe the Pool can do better co-operatively than they could do for themselves. It is because of this that the Pool now finds itself, 43 years after its establishment, in the livestock business, in the processing of flour and vegetable oils, in the distribution of farm supplies, in the publishing business, in the insurance business and in a variety of other activities.

But aside from individual and co-operative activity, there is a vast range of problems which only government can resolve. Sometimes problems are local and resort to local government is sufficient. Sometimes the problem is province-wide and then the provincial government is asked to intervene. Sometimes the problem is national and even international and then the national government and Parliament are asked to intervene. The Pool is a member of the Saskatchewan Federation of Agriculture and through it takes part in the activities of the Canadian Federation of Agriculture and the International Federation of Agricultural Producers. Some problems are pursued through these wider-based organizations and some by the Pool directly. We have concluded, Mr. Chairman, that your Committee is interested in our views about a number of important questions. Few of these are new but for some of you who live normally in other parts of Canada a brief review of the questions might prove useful.

### *The Pool and the Canadian Wheat Board.*

Farmers in Western Canada generally support the Wheat Board's operation and while from time to time we question individual decisions by the Board we do not question the desirability of its remaining as Canada's sole marketing agency for Prairie grains. We would in fact have its powers extended to other grains than it now handles.

Since long before establishment of the Wheat Board the Wheat Pools have urged this form of marketing for Prairie grains and we have never faltered in our resolve to support the Canadian Wheat Board. As some of you may know the Wheat Board has a producers' advisory committee. The President of Saskatchewan Wheat Pool is its chairman. As a consequence we have a first-hand opportunity to learn of Wheat Board problems from time to time and to offer assistance in resolving these problems. This experience has only strengthened our support for continuation of the Wheat Board.



Let's consider for a moment our proposal that Wheat Board jurisdiction be extended to allow the Board to handle rye, flax and rapeseed. This position has general support throughout the West and last spring the Pool and other Prairie farm organizations supported the Western Agricultural Conference in its submission to the Federal government to have these Wheat Board powers extended. There have since been additional discussions on this question but the Federal government does not yet seem persuaded to support our proposal. We have with us today a copy of the submission prepared last year on this question and would be prepared to discuss it with you in some detail if you wish.

#### *The Pool and the Board of Grain Commissioners for Canada*

We support generally and so do most Prairie farmers the operation of the Board of Grain Commissioners. It is the Federal authority which regulates grain standards, the licensing of new grains, the licensing of country handling and processing facilities and generally oversees the Canadian grain industry. As in the case of the Wheat Board we sometimes raise questions concerning the operation of the Board of Grain Commissioners.

The Grain Commissioners now have under review the many regulations it administers to assure itself and the farmers that they are the best possible to meet changing market demands. This means in fact a review of the Canada Grain Act which is the principal federal legislation administered by the Board. The Pool is prepared to help in this review of the regulations and some of our senior staff are members of various committees undertaking the study for the Board. Our concern is that Canada remain aware of the demands of our customers and be ready to make changes in regulations and requirements when changes seem worthwhile. This kind of study takes time and effort and we would not have any specific suggestions in advance of the study's completion but we suspect conditions may have changed somewhat since the last revision of the Canada Grain Act and support a careful examination of these changes.

#### *The Pool and the Movement of Prairie Grain*

Because grain production and marketing are such a vital concern for most Western Canadian farmers we are persuaded today to make a number of comments which generally affect the movement of grain and are of special concern to the Pool and its members. One of these has to do with the charges allowed grain companies for the handling and storage of farmers' grain. Another has to do with the Canada Labour Standards Code as it affects the grain industry. And a third has to do with labour-management relations generally in Canada.

Under the present law the Board of Grain Commissioners is empowered to establish maximum handling and storage charges which elevator companies may charge farmers in the handling of their grain. While the Board sets only maximum charges the practice has been for grain companies to charge the maximum allowed and throughout the industry there has traditionally been a consistency in actual charges. The pressure to expand our facilities at both the country and terminal ends of the grain movement and to modernize existing plant has forced all grain companies to seek in recent years an increase in the maximum charges allowed. In 1966 the Board of Grain Commissioners was convinced of our arguments and did provide for an increase of one cent in

handling charges at both the country and terminal ends of the movement. However, because we and the other companies handle Wheat Board grains that is (wheat, oats and barley), under an agreement between the companies and the Wheat Board the actual charges prescribed for these grains is subject to negotiation with the Wheat Board no matter what the maximum allowed. And this year we failed to convince the Wheat Board it should provide an increase.

We would not want to encourage a committee of the House of Commons to intervene in a difference of opinion between two Federal government agencies like the Wheat Board and the Board of Grain Commissioners but we thought you should be aware of this difference and have an opportunity to ask questions about our views on the matter. As already stated we have a new terminal elevator under construction at Vancouver. We also have a heavy construction program in our country elevator division. We consider the question of our income to meet these rising capital costs an important matter. Our concern really is that unless grain companies are given the income means to finance required expansion the grain handling industry will not be able to meet its future requirements and the whole grain moving industry will suffer. The farmer will suffer the most because without improved facilities he will not be able to deliver additional grains and the Wheat Board and others may not be able to meet expanding market demands for our grains.

The Canada Labour Standards Code has posed difficulties of another kind especially in its relationship to the operation of country elevators. Our present agreement with country elevator operators provides a monthly salary plus an agreed range of commissions for handling grain in amounts exceeding an agreed minimum. We do not specify how many hours may be worked in any given period but tend over the year to allow agents time off when deliveries are light knowing that they will put in longer than average hours during times of heavy deliveries. The Canada Labour Standards Code would have us fix maximum work week and provide extension beyond any approved range of overtime only with specific permission of the federal labour department. This would require that someone be responsible for keeping a time record of hours worked by agents. We find supervision of this kind of record keeping extremely difficult in a situation where the only man on the elevator location is the agent himself. (most of our elevators are one-man operations), and were he to become his own time-keeper we can foresee cause for dispute whenever the matters of overtime accounting is questioned. Until July 31 the Pool has deferment under regulations provided in the Act but after August 1 we are advised that we will be expected to comply. We and the other elevator companies have tried on a number of occasions to have the country elevator operators exempt from this legislation but so far have not succeeded. Mr. Chairman, your Committee may find in its report to Parliament an opportunity to comment on this question. Any support you can offer for our position will be appreciated. The additional provisions affecting rates of pay are not an issue for us because present rates exceed the suggested minimums.

As for the larger labour question, we also have a comment. As you know grain movement has been slowed down and at times stopped because of recent work stoppages on the railways, among dockworkers and even among terminal elevator employees. Whenever grain stops moving at export position the shut-

down soon reflects itself back through the system until eventually the country elevators are filled and the farmer is not able to deliver any more grain. In Canada the farmer does not get paid until his grain has been delivered to a licensed country or mill elevator and when this situation develops a great number of people are affected adversely. Even more important, overseas customers awaiting delivery of our grain tend to lose confidence in Canada's reliability as a supplier and this we cannot afford in an industry as highly competitive as the grain trade.

After careful thought about this kind of question we have been persuaded to advocate the establishment of a form of labour-management court to provide compulsory arbitration where agreement cannot be reached in labour-management disputes in industries of special national importance.

Mr. R. H. D. PHILLIPS (*Research Director, Saskatchewan Wheat Pool*):

#### *The Pool and the International Wheat Agreement*

Saskatchewan Wheat Pool and the other two Pools are among the strongest supporters in Canada of international agreement for the trading of wheat and other farm produce. Representatives of the Pools have attended every international Wheat Conference and we hope to be able to attend conferences of this kind in the future.

As you know the present IWA agreement was signed in 1962 and was due to expire on July 31, 1965. It has been extended, however, on two separate occasions and now remains in force until July 31, 1967. Our view is that no further extensions should be allowed unless the terms of the agreement are negotiated to bring about a substantial increase in the price ranges. The existing IWA agreement has a price range of \$1.625 minimum and \$2.025 maximum basis No. 1 Northern at the Canadian Lakehead. The fact of the matter is that world wheat supply and demand conditions have so changed since that price range was established that our best wheat commands the maximum price in the agreement and likely could command more if the agreement would allow it.

Discussions now are under way at Geneva in the Kennedy Round of the GATT for establishment of an extended international cereals agreement. We support this proposition and hope for a successful outcome of these negotiations before the expiry date of the IWA on July 31, 1967. Our President Mr. Gibbings is in Geneva as an advisor to the Canadian delegation.

#### *The Pool and International Trade Policy*

Saskatchewan farmers tend to be free traders and are among the last of the free traders in the country. We want access to foreign markets for our produce and we want our customers to have an opportunity to sell their wares in Canada and elsewhere. Our produce trades, as you know, with the Communist countries of eastern Europe and Asia and we want these countries as well to have access to Canadian markets with their wares. This means that we want the Peoples' Republic of China to have access to Canadian markets and would also urge that the China government be recognized.

We have been watching with keen interest the general negotiations under the GATT in the Kennedy Round and support the general principle of tariff reductions for all countries. Before the Canadian government embarked on this series of tariff talks we were asked to present our views on the question of



international trade and did so. We have a copy of this statement and would be prepared to discuss it in further detail if any of your members wish.

I might add that Mr. Gibbings has recently been asked to be a member of the new export advisory committee established by the Minister of Trade and Commerce.

Now, on questions of transportation policy, as you know a large portion of our grains, particularly wheat, moves into the export market. As a result we have always been concerned about the quality and price of transportation services both within Canada and between Canada and our customers. Our views about many transport questions are well established and generally known but you might like us to review briefly three matters of special concern:

(i) On the Crownest Pass statutory rates for Prairie grain moving to export position our view is crystal clear. We want them left where they are under the jurisdiction of Parliament. We do not think they are too low or that they result in the railways having to move grain at less than cost. We have on occasion challenged railway arguments about these rates and we intend to challenge future attacks as well. We know very well that if statutory control were removed from these freight rates the railways would increase them, perhaps considerably, now because they needed more money to move the grain but because they believed they could get more money because Prairie grain movement is tied wholly to the railways.

(ii) On the St. Lawrence Seaway toll question our view has been expressed on a number of occasions in submissions to government and to the Canadian Seaway Authority. It may be summarized as follows: We believe present tolls are sufficiently high to meet all operating costs of the Seaway and urge strongly against any increases. We suggest the Canadian government move to remove capital refunding requirements from the toll structure and when this is done the tolls may in fact be reduced as traffic increases. As for the Welland Canal, we believe its traffic should have no tolls whatever. Welland tolls now are suspended: we believe they should be removed entirely, leaving the Welland Canal toll free as are all other domestic waterways in North America. We have a copy of our latest submission on this question and would be pleased to discuss it.

(iii) On matters relating to the new transportation legislation to establish the Canadian Transportation Commission we have a considered view which has already been conveyed to a Standing Committee of the House of Commons. While we offered comment on a number of issues contained in the legislation perhaps the question which would interest you most at this time would be our views about branch lines. Our view can be stated as follows: while we do not oppose rationalization of Western branch lines we do not think the best or the only way to accomplish this is simply by abandonment of track and we suggested a number of alternatives. We suggested the subject should be approached on an area basis rather than line by line as has been the case in the past and we also suggested that it is important for all to understand what the criteria for rationalization will be. The 1966 submission presented to the House Standing Committee on Transportation and Communication was made on behalf of the three Wheat Pools. We have a copy of that submission here and would be pleased to discuss it in detail if you wish.

Mr. TURNER:

*The Pool and A.R.D.A.*

Because your standing committee is concerned also with matters of rural development we offer a brief comment on the Pool and A.R.D.A., the Agricultural and Rural Development Act. During the years since A.R.D.A. was enacted we have given considerable study to the questions it seeks to consider and we have tried on a number of occasions to offer assistance of our organization to get effective programs at the farm level. Since its beginning the A.R.D.A. program has come a long way. It started out to offer a program and federal government money to assist the provinces in matters of resource allocation. Now it offers a program geared more to the human resource where we think its emphasis should really be. Federal funds are still available to help implement a program geared first to training farmers to do a better job on the farm and second to help those who want to leave farming to retrain and acquire alternative employment.

However, we see very little of the kind of program in operation. The fault may lie in part with the federal government program itself although we suspect the program and the idea behind it are good. The fault may lie with provincial governments who must take up the ideas and the funds and make of them operational programs. Some provinces have acted with more vigor than others and we're sorry to say that the local effort in this direction has been less than might be expected. And some fault may lie with organizations like the Pool which might have done more than we have. But we suspect the Pool and other farmer organizations may be less at fault than others for the slowness with which A.R.D.A. and its programs have been implemented. After all farmer organizations are not an operational arm of movement. We consider our role to be one of suggestion, criticism and encouragement.

At our 1966 annual meeting of delegates the Pool agreed on three specific proposals which should help the A.R.D.A. program. We agreed to seek improved training courses in farm operation, maintenance and management to help the farmer improve his skills; to seek increased financial assistance so that farmers can take these courses if they want to stay on the farm and alternative courses if they want to leave; to seek study of land tenure and land transfer arrangements to determine how best to secure farm land in the hands of Saskatchewan farmers. These proposals went forward to regional and national farm organizational meetings and we suspect will turn up again when the Canadian Federation of Agriculture meets the federal government to present its views about farm policy questions for 1967. When these come to your attention in Ottawa we would hope you do your part as Members of Parliament to encourage serious discussion of the proposals and if accepted by the government that you do whatever you can to have them implemented in effective A.R.D.A. programs across the country. We shall in turn do our part to have them considered locally.

Mr. PHILLIPS: There are a number of federal government programs designed to assist farmers in one manner or another which merit some consideration in the context of this statement. A brief comment on each may be useful to you.

About the temporary wheat reserves act, this legislation is designed to provide federal assistance in meeting the costs of storing Prairie wheat stocks. It provides government payments to meet the storage costs of all wheat in public storage at July 31 each year in excess of 178 million bushels, a figure said to represent a normal annual carry-over of wheat. Farmers in the West support

this program because it recognizes the need for assistance from all the people of Canada in financing the carry-over of wheat stocks. We consider it a worthwhile program which should be continued.

*Feed freight assistance policy:* The Pool has traditionally supported the federal government's policy of subsidizing the freight costs on feed grains moving from the Prairies to livestock and poultry feeders in British Columbia and Eastern Canada. We consider this domestic grains market an important one and consider the feed freight assistance program goes a long way towards assuring this market for Prairie grain growers. We are familiar with the proposed federal legislation which would establish an eastern Canada feed grains agency to administer this feed freight assistance policy and other related policies and in general we support this new venture. However, many of us are concerned lest the new agency undertake to become a feed grains buying agency as well as an administrative body and as a buying agency enter into direct negotiation with the Canadian Wheat Board which controls the sale of Western grains. We would be less disturbed were the new eastern agency to be financed as is the Wheat Board by the farmers who use it. But we understand the new eastern agency is to be financed by federal funds entirely and in this we see opportunity for a clash between the eastern agency financed by the federal treasury and the Wheat Board financed by Western farmers. It may become an unbalanced clash and we would prefer it not be allowed to happen.

*Prairie Farm Assistance Act:* Since 1939 the federal government has provided the PFAA program which in the words of the federal government is designed "to provide direct financial assistance to farmers in an area suffering a crop failure." We have seen many crop failures in this part of the country and we appreciate the importance to farmers of this kind of government support. In short we would urge that the PFAA program be continued. Some would argue that the extension of various forms of crop insurance in recent years might suggest there is less need for a program like PFAA but the Pool would not support that conclusion. Crop insurance is desirable where crops are insurable but PFAA makes a form of support available to all who farm whether the risk is insurable or not.

About price stabilization, we have been constant exponents of the federal government's support price program and wish it continued. Anyone who farms knows that growing conditions vary greatly from year to year and that it is sometimes impossible to estimate either the quality or quantity of output. Demand is often unpredictable too. Price stabilization programs tend to remove at least a part of the risk and provide an assured minimum return or cushion. Prairie grain farmers have tried on more than one occasion to assure themselves a similar income cushion but have met no success in our many presentations to government. We shall keep trying and in the meantime would support the stabilization cushion that others enjoy.

About PFRA, during the years since the great drought of the 1930's PFRA has come to be a real friend of the Prairie farmer and its programs for land reclamation and development have helped to change the face of western farmlands. The PFRA has helped the agricultural industry and individual farmers to improve some lands and to assure better water conservation and use. Its programs for farm dugouts with which individual farmers have been able to catch



normal runoff in sufficient quantities to water stock has by itself been nothing less than a boon to the countryside and has contributed greatly to the diversification of agriculture in this part of the country. Both PFRA and the Maritime Marshland Rehabilitation Administration emphasize irrigation and drainage projects which are sometimes developed with provincial government assistance. The Pool supports retention of this kind of conservation and reclamation program.

In this context we must mention the new Gardiner Dam on the South Saskatchewan River which when completed later this year promises new opportunities for irrigated farming, power and recreational facilities. We think this a very worthwhile project.

About farm credit, the Wheat Pool and our farmer members consider the Farm Credit Act and similar statutes which preceded it, and also the Veterans' Land Act and now the Farm Machinery Syndicates Credit Act, extremely important pieces of federal legislation. We especially welcome the statutory limitations these place on the lending rate for farm loans and want you to know that farmers generally support retention of these interest rate limitations. This question is an especially sensitive one at this time when proposed amendments to the Bank Act indicate that the statutory limitation on bank interest may be freed and we suspect that there may be pressure to free the assured rate for farm loans as well. Our view is that the secured interest rates for farm loans available under a variety of federal statutes should remain secured as they now are.

While we have singled out specific federal government policies and programs to discuss in this statement, the over-riding concern of this paper and of the Pool is for improvement in the economic and social welfare of the farmers in Saskatchewan. One measure of economic welfare is, of course, net farm income and this is the question which receives increasing attention at every farmer meeting anywhere in the province. With rising costs of farm inputs (and today an increasing percentage of total farm expenditures are for off-farm inputs) and with stable to declining prices for farm produce many farmers face nothing short of a crisis situation every time they seek to balance their accounts. Some of us call this the cost-price squeeze and that is about what it is. By whatever name, it is a continuing problem and one which deserves constant concern by all of us.

We want to be certain that all of you appreciate the problem of the Saskatchewan farmer, and it is this. His produce is usually sold outside of the province, either at home or abroad, in competition with produce from other places and at prices over which the producing farmer has little control. With only minor exceptions, the farmer produces without any government subsidy or assistance in direct cash payments. The result is that the Saskatchewan farmer is relatively unprotected from the vagaries of the market place. He has tried to help himself by individual action and by joining co-operatives which seek to act on his behalf. He sometimes asks for specific governmental consideration. Agriculture in Saskatchewan remains our main industry in terms of employed labor and value of output and it remains substantially unprotected.

#### *The Taxation of Co-operatives Question:*

In this statement we have attempted to outline for you the relationship of the Wheat Pool to individual farmers and to review briefly some of the public policies which both the farmer and the Pool support and advocate. There

remains now one further comment which relates to farmers and their co-operatives like the Pool.

Soon the Carter Royal Commission on Taxation will report to Parliament on Canada's taxation problems. One of the questions under consideration was the question of whether co-operatives and their members bear their share of the tax burden. The commission will likely have something to say on the subject.

We are not going to labor our views on this matter except to say that most of the allegations made before the commission and on public platforms by the critics of co-operatives about the relationship of the tax laws of Canada to Co-operatives are simply insupportable and untrue. The Wheat Pools prepared a detailed submission to the Carter Commission. Our main recommendations were as follows:

- (i) We support retention of the present provisions of Section 75 (1) of the Income Tax Act which allows the deduction from taxable income of co-operatives of payments made to customers on the basis of their patronage during the year.
- (ii) We urge complete repeal of Sections 75(2) and (3) of the Income Tax Act which limit the distribution of patronage refunds.
- (iii) We urge clarification of definitions in the Income Tax Act particularly those to define what is taxable income and who is the taxpayer.
- (iv) We urge retention in the Income Tax Act of the five-year averaging provisions for farmers and fishermen and urge that government attempt to publish more widely its availability and explain its operation.
- (v) We urge retention of the gift tax provisions of the Income Tax Act and recommend that government undertake to publicize more widely its availability and to explain its inter-relationship with Succession Duties.
- (vi) We urge amendment to Estate Tax and Succession Duties legislation to avoid as far as possible the disruption of family enterprise in its administration, and
- (vii) We recommended that no attempt be made to tax capital gains as such.

One other question concerning co-operatives merits special mention. For some years the Pool and the other co-operatives have tried on various occasions to acquire a National Co-operative Act but this question has not yet been settled in Parliament. While national co-operative enterprises have found alternative legislation under which to organize there remains a desire to have national legislation relating specifically to co-operative organization. Your support for this proposition would be appreciated by farmers throughout the West.

Mr. TURNER:

#### *A Concluding Comment*

We have attempted in this statement to tell you something about Saskatchewan Wheat Pool and its role among farmers in Saskatchewan. We have also discussed the position of the Pool and its farmer members about a number of public questions. From time to time during the statement we have mentioned

that farmers have attempted during the years to improve their position by taking individual and co-operative action and that on occasion have resorted to help from governments. It is fair now to say something about the farmers themselves and perhaps by way of conclusion to have a word about the importance of agriculture in this part of Canada.

About 39 per cent of the province's total labour force is engaged in agriculture and their output represents about 43 per cent of the gross value of commodity production. While agriculture's commodity output is increasing in absolute terms and still remains our most important industry the value of its output is declining relative to some other industries because the others are also increasing. In 1965, for example, agriculture contributed an estimated \$790 million to the provincial economy while mining accounted for \$270 million, manufacturing for \$150 million and construction for \$295 million.

A figure or two might help to give you some further idea about the importance of agriculture to the provincial—and even the national—economy, the most recent figures available are those for calendar 1964 but even these are impressive. In that year Saskatchewan farmers had operating expenditures totalling \$322 million of which they spent \$111 million for farm machinery and repair parts; machinery expenses included \$61 million to operate tractors, \$33 million on trucks and their operation and \$26 million for the repair and operation of other farm machinery. They also spent \$19 million to pay interest on their various debts, \$18 million for lumber and hardware.

Changing technology and the shortage of labor have brought many changes in farming operations. An example or two from grain farming will suffice. Ten years ago a tractor with pulling power of 30 horsepower was considered a reasonable size and statistical tables did not even record tractors of more than 40 horsepower. In 1965, half the tractors sold in Saskatchewan were in the classification of 80 horsepower or more. A tractor of this size would cost something like \$8,500.00. Increased size is evident in the machinery used to seed, cultivate, and harvest under today's conditions. And large machinery is expensive. It is not uncommon, for example, for one of the larger combines to represent an investment of \$12,000 or more.

Mechanization has made it possible and economics has made it necessary for individual farmers to operate an increasing number of acres. Some grain farmers now manage from 1,000 to 1,200 acres with little or no hired help beyond their family members. The average farm size for the province was estimated at 685 acres by the 1961 census. The use of herbicides, fertilizers and improved cultural techniques has made it possible to increase significantly yields per acre as well.

The continuing pressures to expand acreage and other capital goods used in the farming operation together with the ever increasing operating costs help to explain the Western farmer's repeated call for increased sales volume and higher prices for his produce. Higher income opportunity is a very worthy incentive to bring about this improvement in the industry without reductions in living standards which for many are too low to begin with.

In recent months a number of farm organizations have come to the conclusion that increasing efforts must be made to identify anew the real problems which beset the farm and farmers, and, in at least some instances, to seek new policies and programs. In October 1966 the Ontario provincial department of



agriculture arranged a province-wide conference to focus attention on what the Ontario agricultural minister said was the need for courses of action "to ensure our efficient farmers a reasonable standard of living and an adequate return on investment and to ensure to the Canadian consumer and many others in the world top quality agricultural products."

This kind of approach was considered by the Saskatchewan Federation of Agriculture at its annual meeting in Regina in December 1966 and it was agreed to propose that the three Prairie provinces be asked to convene a similar conference to investigate production and marketing questions, farm income, rural adjustment and development, land tenure and transfer, transportation, domestic and international trade. The Western Agricultural Conference which met subsequently in Winnipeg accepted the proposal from Saskatchewan and agreed to convene a conference itself if the provincial governments did not undertake to do so. Now the matter has been considered on a national basis at the Canadian Federation of Agriculture meeting in Winnipeg two weeks ago and that meeting agreed to call on the federal government to convene a national conference on farm policy and invite representatives of all 10 provinces and others to take part in it.

We are keenly interested in this proposal, Mr. Chairman, and would commend it to the members of your committee as a worthwhile subject to include in your report to Parliament. It has become increasingly important that the country as a whole appreciate the problems of agriculture and that solutions advanced take into account not only provincial and regional requirements but also those of the entire country.

Sometimes individual farmers cannot solve their own problems by themselves. An increasing number of farmers ask co-operatives like the Pool to help them with on-farm problems and they ask the Pool to seek solutions for the off-farm problems as well. This is the reason we have welcomed the visit to Regina of this Standing Committee of the House of Commons. We welcome the opportunity to tell you something about our problems and to bring to your attention the range of solutions we think will best serve our farmer members and the industry of agriculture.

All of which is respectfully submitted.

The CHAIRMAN: We have asked the hotel staff to serve coffee, but we are going to continue the meeting while they are serving. We will try to arrange this so that it will be done as quietly as possible.

I want to thank you, Mr. Turner, for your presentation on behalf of agriculture. As a former director of a co-operative and a director of United Co-operatives in Ontario, I condone everything you have said about co-operatives and taxation, no matter what some other people in Ottawa may say.

Mr. Jorgenson is the first questioner.

Mr. JORGENSEN: May I just say at the outset that I do not think that the Saskatchewan Wheat Pool need make any apologies for the length of their brief. They have brought to our attention matters of extreme importance to agriculture, and particularly western agriculture. They have given us a fairly good idea of the role of the co-operative movement of the Saskatchewan Wheat Pool on the

prairies. We can assure the Saskatchewan Wheat Pool that we will draw this brief to the attention of Mr. Byrne when we get back to Ottawa.

In many respects I agree with the contents of this brief, and particularly with the comment regarding the regulation under the Labour Standards Code. This stupid regulation should, in our opinion, be removed so that it will not add to the cost of handling grain in western Canada, as it is likely to do.

I want to limit my questions, however, to the aspect of the brief dealing with the Canadian Wheat Board and the inclusion of flax and rye under their jurisdiction.

You have stated, and on many occasions it has been brought to the attention of the government and the Canadian Wheat Board, that your organization would like to have these commodities included as part of the operations of the board. I wonder if you have any idea what percentage of the total number of farmers in Saskatchewan producing these commodities would be in favour of having them placed under the board's jurisdiction?

Mr. TURNER: Mr. Chairman, I cannot give you specific numbers in answering this question, but I do know that my farm is in an area that produces a great deal of rapeseed and I have not had any farmers indicate to me that they want to put up with the present system of marketing rapeseed. All the farmers who have mentioned this matter to me have supported the inclusion of flax, rye and rapeseed, and in this case particularly rapeseed, under the jurisdiction of the Canadian Wheat Board.

We suggested in our brief last year that if the government had any doubt about the desire, and the support, of farmers in this matter that they should, in fact, hold a plebiscite among the producers of these grains to determine what their feeling was?

Mr. JORGENSEN: You would be in favour of a plebiscite to determine what the feeling is. Would you have any thoughts about who should be eligible to vote in such a plebiscite?

Mr. TURNER: Yes; we set this out in the brief, as well. We indicated in the brief that we did not think it was necessary but that if they wanted this sort of assurance we would support them on a plebiscite.

Mr. JORGENSEN: I, personally, would be in favour of having a plebiscite, but I was wondering if your organization would be in favour—if a plebiscite were to be held—of limiting the eligible voters on such a plebiscite to those who actually produce these crops.

Mr. TURNER: Yes; we do not quarrel with this at all. In the brief that we presented we said that if there was to be a formal plebiscite, as the CFA resolution suggested, it was our view that it should be conducted by mail among those prairie producers who had grown rye, flax and rapeseed in any one of the three most recent crop years. We did not think it was fair to exclude a producer just because he had not grown it that year, because he may have had good reasons for not doing so—crop rotation, or something like that; but he had indicated an interest in these crops.

If there was to be an informal opinion poll it was our view that it should also be conducted by mail among all grain producers with a wheat board

delivery permit; that to get the general feeling about board marketing this would be a useful way of doing it.

Mr. JORGENSEN: Mr. Chairman, there are many other facets of this brief on which I would like to comment, but I think I will let the questioning go to someone else.

Mr. MUIR (*Lisgar*): Mr. Chairman, just before you move on to another questioner may I ask a short supplementary? When the Labour Standards Code bill was brought into the House it was opposed by many of the western farm representatives because, for one thing, they did not know how it was going to be worked.

Subsequently, I think, it was learned—perhaps you can inform me on this—that if you change the name of your operator from an operator to a manager you could get away from this particular regulation. This would not apply to his assistant, but it would apply to the elevator operator himself. Have you any information on that?

Mr. TURNER: Mr. Chairman, with your permission, I would ask Wes Ball, the Manager of our Country and Terminal Elevators Division, who is in charge of our operations in this area, to comment on this.

Mr. W. J. BALL (*Manager, Country and Terminal Elevator Division, Saskatchewan Wheat Pool*): Mr. Chairman, we have no wish to exclude the helpers from coming under the code; it is the agent himself. I am not a lawyer, but I am told by our legal people that for us to simply change his title would not really mean anything.

I can argue with anyone, I think, that our agents are, indeed, managers. They set their own hours of work. They write cheques with only their signatures on them. Incidentally, some of us sitting at this table are signing officers with the company but in the office we require two signatures, as do most companies, as you know. Our agents and all other grain company agents sign cheques up to \$30,000 or \$40,000 with only their own signatures. They have the authority to hire and fire helpers, and this they do. I think they can qualify as managers; but I am told it is not just a matter of our calling them managers; it must be established in some fashion and accepted by those who are responsible for the labour law.

The CHAIRMAN: I think, Mr. Muir, to be fair on this, we are actually a little bit off the topic of wheat handling. You have asked supplementaries and Mr. Rapp wants to ask a supplementary. I do not know how many are going to get in on supplementaries. I have a long list of questioners here. Could we have one short summing up of your supplementary question, please?

Mr. MUIR (*Lisgar*): On a point of order; I have asked only one supplementary question. This does affect the handling of grain. What I have been trying to establish—and I think we have just about done it—is that this man who is on a salary, not on an hourly basis, should be qualified as a manager. If that is so, then he would not be affected under the labour-management code. Would you agree with that statement?

Mr. BALL: I certainly would.

Mr. RAPP: Mr. Chairman, my question is a supplementary to the question of



putting rapeseed under the jurisdiction of the Canadian wheat board. My point concerns the fluctuation of prices when the farmer is selling on the open market. This is something that the farmers would like to avoid by having rapeseed under the Canadian Wheat Board.

At the same time in our area, where most of rapeseed is grown—this is the Melfort-Tisdale area—they still think that there should be an agency that could go out into the world and find more markets for our product. This year there are 22 or 23 million bushels of rapeseed, and this could perhaps double in no time. We are concerned that the wheat board be in a position to send out some agents to find new markets in addition to the ones that are already established, such as Japan and some other countries. This is the problem we are concerned with. There is no question but that we would like to see the Canadian Wheat Board have jurisdiction over rapeseed, but these are the two questions that we would like to have answered.

Mr. TURNER: This refers to the average price?

Mr. RAPP: Well, the average price now on the market fluctuates, the same as rye and flax.

Mr. TURNER: This is one of the things, of course, that producers of rapeseed would like. They would like to have the average price of the year. They do not want to play this game of guessing when the market is going to hit the peak.

On your other question, about the personnel being available, I cannot see that this should interfere with wheat board handling. I am sure that there are people available who work for the wheat board and who could do an excellent job of breaking open foreign markets. I have noticed a figure within the last two days that indicated Canada was the world's largest exporter of rapeseed last year, with 13.6 million bushels.

Mr. RAPP: Of the rapeseed that we produced?

Mr. TURNER: Yes; we exported 13.6 million bushels last year. We were the world's largest exporter. This is becoming a very significant crop, not only to the producers but to the country as a whole. Producers certainly want to see the marketing of it stabilized, as it is with other grains.

The CHAIRMAN: I should inform you that Mr. Rapp claims that inventing this crop is one thing that Saskatchewan is famous for.

Mr. OLSON: Mr. Chairman, I would like to commend Mr. Turner and his organization on raising a number of agricultural problems and for giving us the benefit of their views on them. However, I am going to confine my questions to just two.

Mr. Turner, we have had some discussion previously about the difficulties that the terminal elevators encounter because of difference between the incoming grades and the export requirements. I am not going to go into all of the detail that could be raised on this topic, but I would like to ask if you can see any practical problem in your elevator agents complying with a uniform standard of grading that would allow the grades for the incoming grain to be the same as the standard set for export requirements when it is shipped out of the terminals?

Mr. TURNER: I would again ask Mr. Ball, who is in charge of this section of our company, to reply.

Mr. BALL: Mr. Chairman, over the years I have heard comment to the effect that the standard of grain going into the terminals is different from the outgoing standard. Actually, it has nothing to do with the grade that the agent is putting on the grain in the country. It is a grade going into the terminal and a grade going out of the terminals.

Someone has mentioned that the Canada Grain Act is presently under review and that a review of the regulations is being undertaken. I am hopeful that this will lead to fewer grades in both country and terminal elevators. But I do not think there will be any special difficulty whether it remains as it is or is changed, with fewer grades. I do not think it will affect the country elevator agent.

Mr. OLSON: Therefore, it is your opinion that the country elevator agent could, in fact, make the gradings on the same standards and make them sufficiently uniform that they could go in the same standards.

Now, Mr. Chairman, I have another point that I want to raise just briefly.

On page 22 you speak of rail abandonment. Mr. Horner the member for Acadia, has introduced a bill this session—and I introduced essentially the same bill in the two years 1963 and 1964—calling for an amendment to the Canada Grain Act that would allow the Board of Grain Commissioners to license elevators other than on-track or in a position to deliver grain directly into a vessel.

Do you see any areas in Saskatchewan where you could, in fact, maintain a good service to your members and to your customers by retaining a country elevator even though there was no railroad where the grain could be directly put into boxcars or grain cars?

Mr. BALL: Mr. Chairman, there was a time when our organization operated a country elevator off-track out of the town of Meadow Lake at Makwa and at Goodsoil. We have sold those elevators. The cold facts are that it is not practical, in my judgment, to operate an off-track elevator.

The Canada Grain Act provides the maximum elevation charges that we may charge at a country elevator, but we cannot charge it twice. If the farmer dumps his load of grain into an elevator in the country we can deduct from his payment the elevation charges, but we cannot deduct from him the additional elevator charge for hauling it in "X" number of miles and then handling it again through a country elevator.

An hon. MEMBER: You want the railway—

Mr. OLSON: Mr. Chairman, I—

Mr. BALL: The railway cannot haul it in because it is not located on the railway.

Mr. OLSON: Mr. Chairman, I agree that under the present regulations it would be difficult, but of course these regulations could be changed. I am trying to get your opinion about this.

If there are a number of points in Saskatchewan where the total requirement of input as far as resources for maintaining the rail line, would be substantially more than having trucks to move this grain from these elevators to

a mainline of the railroad, where it could be loaded directly into boxcars, perhaps through some kind of elevating system, would not the total cost to the whole economy be substantially less in some cases? That is, to have this done by highway transport rather than by maintaining a railroad line that had essentially nothing else to do out to haul some grain at certain periods of the year?

Mr. BALL: If the Canada Grain Act would allow us to make the additional charge. In other words, I think, the farmer who is hauling the grain and dumping it nearby, would have to bear the cost of continuing the movement into the rail line. It would have to come off this farmer.

If the regulations allowed the elevator company to make this kind of deduction, then for the grain that was taken in this could be handled.

I would remind you that in the cases where we did operate elevators, farmers would use the nearby inland elevator when it was convenient in the fall of the year at threshing time when they did not have time to haul it into Meadow Lake; but once harvest was over, those who had trucks would then, rather than take a reduction in their price, go all the way into the main centre with it themselves and the little elevator sitting out there would starve to death.

Now, this was our experience. What would happen in a different kind of an area, or in a larger area, I would not know.

Mr. OLSON: One final question, Mr. Chairman: Have you done any studies to find out what would be the cost of moving some of this grain by motor transport as compared with the cost of maintaining a branch line that did, as I said, essentially nothing but haul grain to the main line?

Mr. BALL: I do not think that we have made any comparisons here. We do know what it costs to truck grain; many farmers could tell us. Commercial truckers move a lot of grain into our systems. But whether we could compare this with the unknown costs of operating a railway line, I would not know.

Mr. OLSON: Thank you, Mr. Chairman. I will pass for now.

(Translation)

Mr. CLERMONT: Mr. Chairman, I want to congratulate the Saskatchewan Wheat Pool for the excellent brief. It is a very detailed brief. You will agree with me that it is not very easy to deal with it in so short a time. But I know, Mr. Chairman, that on page 25, the Wheat Pool of Saskatchewan, seems to be rather concerned about the Eastern feed grains agency which the Canadian Parliament has set up. It is concerned because this agency would be financed by the federal treasury. Would one of the representatives of the Saskatchewan Wheat Pool please explain why it is concerned about its being financed by the federal government?

(English)

Mr. TURNER: Our concern is that if it did come to an area of conflict between the agency and the Canadian Wheat Board the wheat board might well be the loser.

As we state in the brief, the costs of operating the Canadian Wheat Board are borne by the western agricultural producers who use the wheat board to market the grain.



(Translation)

Mr. CLERMONT: I understand your concern, the concern of your pool if the Eastern Feed Grains Agency were authorized to buy its supplies from outside Canada but that is not the case. It still is the Canadian Wheat Board which will have to authorize all the purchases made abroad.

(English)

Mr. TURNER: This is one of our areas of concern, that it may not remain as it is, in fact, today; that it may become within the power of the eastern grain agency to, in fact, go wherever they wish for feed.

(Translation)

Mr. CLERMONT: I believe that the idea of the Quebec Farmers Association was rather that they should get some protection during January and February because from time to time we go through a period of heavy increase and which they find quite unreasonable—they have experienced heavy price increases in feed grain and they cannot understand this. They consider these price increases unreasonable.

(English)

Mr. TURNER: Yes; well, I am not sure that the price increases can be charged to the Canadian Wheat Board.

Mr. CLERMONT: I do not say that, sir. What the Quebec farmers are criticizing is that during, say, January and February some increase occurred and they do not see the reason. They claim that all the time there are stocks available in warehouses. That is why they were asking Parliament for such an agency.

Mr. TURNER: Are these stocks that are held by the Canadian Wheat Board in eastern positions?

Mr. CLERMONT: No, sir.

Mr. TURNER: Or by an agency?

Mr. CLERMONT: They might be. I am not in a position to reply to this question. I do know that we receive a lot of complaints that at the end of January, February or early March, such increases occur, and the Quebec farmers cannot understand it.

The CHAIRMAN: I think Mr. Clermont means certain unwarranted increases in the price of grain during January, February and March.

Mr. TURNER: This would be partly because the supply would be limited at that time, and transportation is such that it is not easy to move large quantities down through the winter months after the lakes freeze.

Mr. CLERMONT: That is what makes it difficult for me to understand why the Saskatchewan Wheat Board should view this new agency with apprehension. I am sure you are aware that our users in Quebec are supporters of the Canadian Wheat Board.

Mr. TURNER: We really do not view it with a great deal of apprehension. In our brief we pointed out the greatest part of our apprehension.

We feel that it is a good move to organize the deliveries of feed grains into position in eastern Canada.

Mr. CLERMONT: In one of your paragraphs you say "We are familiar with the proposed Federal..." You are aware it is not just proposed? It is a fact today.

Mr. TURNER: I believe it has been set up, but has it gone into operation?

Mr. CLERMONT: No, it is not in operation but it has been passed by Parliament.

With respect to labour relations your pool is suggesting at page 19 a "court to provide compulsory arbitration where agreement cannot be reached in labour-management disputes in industries of special national importance." Then I read at page 12 that most of your personnel are unionized.

What would be the reaction of your staff to this suggestion on page 19 that a "court to provide compulsory arbitration" be established?

Mr. TURNER: The reaction of our own employees to this is not violent at all, because within the agreements that we have with our employees—we have about eight unions; but within the largest of them—we have a no lock-out, no-strike clause and it has seemed to work very well for us over the years. We have not always agreed on the terms of a new contract when we are bargaining for one, but we have sat around the table until one was reached.

It was because of the success of this within our own organization that we were led to suggest similar legislation, in fact, for all of Canada. We say here "industries of special national importance". By this we mean where labour disputes will often adversely affect an innocent third party.

*(Translation)*

Mr. CLERMONT: I refer, Mr. Chairman, to page 22 concerning the ARDA program. No doubt, the representatives of the Saskatchewan Wheat Pool are familiar with the ARDA program. The initiative must come from the provinces and not from the federal government.

Recently, we received from the Minister of Forestry a brief outlining the projects the federal government had signed with provinces over the years 1965-66 and these projects came to 365, one project for every day of the year.

As a federal representative, I would like from time to time, to see the initiative come not always from the provinces but once in a while from the federal government. You seem to consider that there should not be federal initiative but provincial initiative. The federal government pays 50 percent of the projects. Should not some of them be started by the federal government? Have you any comments or suggestions to improve this ARDA program; if you have any suggestions to make, make them now.

*(English)*

Mr. TURNER: I do not think it is important who takes the initiative so long as the job is done. This would be our general comment on it.

Mr. CLERMONT: You are also aware that it is very important that there is some local initiative?

Mr. TURNER: Yes, we are aware of this.

I would ask Mr. Phillips to read a statement that we issued on this.

Mr. PHILLIPS: Mr. Chairman, the reference was in a policy speech by Mr. Gibbings, the President of the Saskatchewan Wheat Pool, at the Pool's annual meeting in November past, in which he made a comment in general about the ARDA program and the question of poverty. He said: The wheat pool has long been of the view there is no single farm policy that will benefit all farmers. In the first place, the problems of all farmers are not similar. We made a general comment on poverty in our policy statement, which bears repetition by me in these remarks. . .

Then he quoted this passage from the annual report:

Poverty is both relative and subjective and this is true whether poverty is rural or urban. Although there are objective standards for determining the degree of poverty, a man's opinion about his position relative to that of his neighbour is often more important to him than any outside measure. The pool considers poverty to embrace both inadequate education and poor health as well as the market-oriented factors having to do with standard of living, and there is ample evidence of poverty whatever the standard.

Having said this, Mr. Gibbings added: I sometimes get uncontrollably impatient when I ponder the absence of imagination and the lack of insight we sometimes employ in Canada in trying to grapple with these important social and economic questions. On the threshold of Canada's second century we seem to have no surefootedness about our approach to this kind of question.

Then finally: We have ARDA but it has done precious little to help the people it was designed to assist.

Mr. Chairman, there were three specific suggestions in the statement to you today which we have advanced as possible programs in the ARDA area.

Mr. CLERMONT: Mr. Chairman, my last question is: would the representatives of the Pool be willing to make any suggestions about what price the producer should receive for his wheat due to increase in cost?

We received suggestions in Calgary and again we have received suggestions this morning, but would the pool be willing to make any suggestion about what price the producer should receive for his wheat?

Mr. TURNER: We feel that it should be substantially more than it is, and we have advocated that the floor and ceiling of the international wheat agreement be raised by 40 cents a bushel. This would seem to indicate that we think that the price of wheat should go up approximately 40 cents a bushel.

Mr. OLSON: Is this for a three-year contract?

Mr. TURNER: No; we were going to do it all in one swoop. Oh, yes; for the three-year period of the IWA, if it is re-negotiated.

Mr. RAPP: The high and the low?

Mr. TURNER: Both the floor and the ceiling. This would raise the floor of the international wheat agreement to \$2.02½ and the ceiling to \$2.42½.

Mr. HORNER (*Acadia*): I would first like to say, Mr. Turner, that the brief is a very good one. It is perhaps the best we have heard on this tour.



I commend you for your views on the Canadian Labour Code. As other members have said we pointed this out quite strongly when the code was being debated in the House. I urge you to continue to ask for a deferment after August st, and you will have assistance from the prairie members in Ottawa.

I would like to say, also, that I disagree with you on handling charges, but I am not going to question you on it now.

I would like to move on to the St. Lawrence Seaway tolls. We understand that they are going up 10 per cent. An interesting thing I have learned on this trip is that Vancouver is now in a competitive position. The Vancouver ocean freight rates are now very competitive with the St. Lawrence Seaway freight rates. How much higher can the St. Lawrence Seaway tolls go before it is cheaper to move all the grain to Europe through Vancouver ports?

Mr. TURNER: My impression would be that Vancouver is in a better position for shipping at the present time than is the Lakehead.

Mr. HORNER (*Acadia*): Right now; and you would agree that in order to create a proper balance of our grain movement—half going to Vancouver and half to the east coast—we should strongly object to any increase in St. Lawrence Seaway tolls? Would you agree with that?

Mr. TURNER: Very definitely.

Mr. HORNER (*Acadia*): If they go up too much they are going to create empty terminals in Fort William-Port Arthur and an over-supply of grain going to Vancouver.

Mr. TURNER: Well, it will put more pressure on to move grain through the west coast.

Mr. HORNER (*Acadia*): Now, I could comment at some length, and ask questions, on very nearly any part of your brief—I think it is so good—but I would just like to refer to one particular part of it.

Near the end you say something about working towards price stabilization for the farmers, the removal of as much as possible of the risk in agriculture and the provision, if necessary of a cushion wherever possible.

Now, I know that the wheat pool is actively engaged in the livestock industry. This morning we toured the stockyards at Moose Jaw, which are owned and operated by the Saskatchewan Wheat Pool. I know that the Saskatchewan Wheat Pool invests a great deal of money in livestock.

Do you, as an investor in the livestock industry, see any degree of the risk to your investment being removed and any cushion being provided to you as an investor by the opening of live beef futures on the Winnipeg Grain Exchange?

Mr. TURNER: No. Would you like our official position on this?

The CHAIRMAN: I want to clarify this before the witness answers. You are speaking now about wheat inside the hides of cattle?

Mr. HORNER (*Acadia*): It is as much in order as ARDA was. We had a lively discussion on ARDA. I think this is just as important, because the wheat pool is actively engaged in the livestock industry.

The CHAIRMAN: I just wanted to clarify it.

Mr. TURNER: Our concern, Mr. Chairman and Mr. Horner, in our involvement in the livestock industry, is to assure the producer of the best possible price for his head of stock when he takes it to market. We do not have an investment in livestock, as such, but only in livestock facilities to provide a market for the producer.

Mr. HORNER (*Acadia*): You do not extend guaranteed loans to farmers?

Mr. TURNER: We guarantee loans that are extended by others—the Saskatchewan Co-operative Credit Society and some credit unions. But we do not have any Pool dollars financing cattle in the province.

Mr. HORNER (*Acadia*): As I sat and watched cattle go through the ring this morning I noticed a wheat pool buyer buy a parcel of cattle.

Mr. TURNER: In the marketing process, we do; but not in the growing or feeding process.

Mr. HORNER (*Acadia*): Just to summarize this and to clarify my position and yours, you do not believe, as an investor in the industry, that live beef futures on the Winnipeg Grain Exchange will remove any of the risk or provide a cushion?

Mr. TURNER: No, we do not. We do not see this as being in the best interests of our farmer members.

Mr. HORNER (*Acadia*): Well, I am not talking about farm members. I am talking about the investor in the industry.

Mr. TURNER: I was trying to get across that we do not, in fact, have dollars invested in anything other than the marketing agency within the industry. We do not buy cattle on speculation with a view to making a dollar on them. We buy only to stabilize the market.

Mr. HORNER (*Acadia*): This is the impression I got. I would now like to deal with rail line abandonment.

The question has arisen with respect to the licensing of off-track elevators. Are you aware that the railroads have moved grain from on-track, licensed elevators by truck because they have found it cheaper than using their railway track? Are you aware of this happening on the prairies.

Mr. TURNER: This just recently came to my attention. Mr. Phillips is closer to this question—

Mr. PHILLIPS: I understand, Mr. Chairman, that this has been tried in one instance in Alberta, which I am not at liberty to discuss in detail. We are aware that the railroad is in fact providing the truckage.

Mr. HORNER (*Acadia*): If they are moving into the trucking business why rigidly control them and force them to use railways if they want to use trucks? This is, in a sense, what we are doing when we say that we will not allow a licensed elevator anywhere except beside a track. We should be able to say that we will allow a licensed elevator beside a paved highway, should we not?

Mr. PHILLIPS: If I may, say so, Mr. Chairman, the difference between the situation I have just cited and the one which Mr. Ball cited is that in the

experiment in Alberta the farmer loses his control over the grain the instant he delivers it in the first elevator.

Mr. HORNER (*Acadia*): That is right.

Mr. PHILLIPS: —and the transportation community then takes it to the second one and the railroad tracks. The situation that Mr. Ball was talking about was where it was the responsibility of the farmer to pay for the costs of putting it on the railroad train, which happened to involve truckage. His point was that whatever the rate of truckage charged to the farmer when he delivered at the first point, over time and during certain seasons of the year he elected to make it himself the full distance because he thought he could do it cheaper. Now, whether he could or not does not matter. He thought he could and the house that was off-track was out of business.

Mr. HORNER (*Acadia*): Because of the transportation bill and for other reasons I would think that in Saskatchewan—and this is just an approximation—there are up for abandonment something in the neighbourhood of 1400 miles. Now, all that trackage may not all be abandoned but probably quite a bit of it will between now and 1975.

As an organization serving farmers do you not think that you could present sound argument that some of your licensed premises should be allowed to continue to be licensed even after the track is removed if the railroad can just as cheaply, or more cheaply, haul that grain out by truck than it could by rail? Do you follow me?

Mr. TURNER: Yes, I think I do on this one. This would be something that we would have to look at figures on.

Mr. HORNER (*Acadia*): Well, I do not know the figure offhand, but going back to the famous grain movement speech made by Mr. Gordon, he said that a thousand boxcars of grain can be moved a distance of 50 miles—my figures may be out a little—more cheaply by truck than by rail. Why should we force the railways to move it by rail by only allowing you, as collection agencies, to gather only on a railway track? Why should we not allow you, as collection agencies, to gather it beside a highway?

Mr. BALL: Well, Mr. Chairman, why have a collection agency, as you call it, or an elevator away back there in the old farming community if it has to be trucked to the railway eventually? Why not have either the railway truck or the commercial truck go out to the farm and get it and take it all the way in? Why have two handling charges?

Mr. HORNER (*Acadia*): Let us look at it this way. The most economical way to move grain is in volume. There are trucks being produced that can move from 800 to 1,000 bushels of grain in one load. For many farmers a one bushel quota would not allow them to sell more than, perhaps, 300 or 400 bushels. It would not give them an economical load, and you want at all times to maintain a low cost of production. If you force the farmer to haul it that extra 30 miles then you are creating a disparity between the farmer living close to the main line and the farmer living in the outlying areas or what may become an outlying area but is not now. Therefore, I say let us licence that elevator if there is a good road.



Mr. BALL: My only reason for saying anything at this time is to point out again that you will have double handling costs—double elevation costs—if it has to go through one elevator and then be trucked out again into another one. Even if the act is amended to provide for this, you will have an extra 4 or 5 cents a bushel charged against that wheat.

Mr. HORNER (*Acadia*): You may, or may not.

Mr. BALL: Well, it has to come from somewhere. There is not enough margin in the handling charges, and if it is going to mean another  $4\frac{1}{2}$  or 5 cents against the wheat—

Mr. HORNER (*Acadia*): I think I am going to drop that.

I realize that first of all you have to have elevator space in order to get the grain off the farmers' fields. Many, many millions this fall were stored in adverse weather conditions. This is one of the prime requisites and this is why I argue that we should licence these elevators even after the track is removed. With economical trucking there is no reason why we should not. The cost may be up to the elevator company, and it may even be up to the railroad, but we are trying, and you should be trying, to keep the cost to the farmers down.

I have one other question and then I am going to pass, Mr. Chairman. On page 33 of your brief you suggest a conference similar to the one held by the prairie provinces. You suggest that it could investigate production and marketing questions, farm income and rural adjustment. Do you not think that this conference could encompass the whole agricultural picture to try to ascertain how best we can use our natural environment to provide for ourselves; not necessarily the marketing of what we are producing now, not necessarily the income on what we are producing now but the whole scope of agriculture; to see how best we can allocate our production through a system of incentives rather than of controls?

Mr. TURNER: This is really what is suggested for the conference. It is suggested that it take a comprehensive look at all phases of agriculture.

Mr. HORNER (*Acadia*): That is fine; because I firmly believe that we should not, in this country which is rich in soil and climatic conditions, be importing something like \$800 million worth of agricultural produce which can be produced in Canada.

I wholeheartedly support the idea of an over-all conference to create incentives for the better use of our natural environment of land, water and sun—a rationalization of agriculture.

Mr. HOPKINS: How many new elevators have been built at country delivery points? Most of the ones we have seen appear to have been there for a number of years. Are you building any new ones?

Mr. BALL: We are building 20 new elevators this year. If we should be so unfortunate as to have a fire or two these would be rebuilt, of course; but we have plans on the drawing boards now for 20 new elevators, replacing old ones.

Mr. PETERS: May I ask a supplementary question? Where you are faced with changing trackage can you move the small elevators?

Mr. BALL: We can move elevators that are in good, sound condition. Some of our elevators, I may say, are older than you are, and some of them are older than I am. Those elevators that are older than I am we cannot move. Those that are about your age we could probably move.

Mr. HOPKINS: Where are these new elevators being built. Are they widespread or regional? I think you have answered that, because you said that you were mainly replacing ones that are now in existence.

Mr. BALL: There is one being built at Pense. We passed it this morning on the way to Moose Jaw. Sometime soon we will be rebuilding there. We have not located them all as yet.

Mr. HOPKINS: You mentioned to us that there are quite a number of acres—I believe the Minister of Agriculture mentioned some 300,000 acres—of new productive land coming into operation. Are you not moving into these areas with elevator building?

Mr. BALL: I would not think, Mr. Chairman, that there is any big block of new virgin land coming in at any particular station in the province. I think it is coming in in small lots. This will produce new grain, all right, but there will not be any great volume at any one station.

We do watch the statistics on deliveries at every point. We get reports from our own travelling superintendents on new land coming in. We watch this as we build and rebuild.

Mr. HOPKINS: Do you meet with any success in trying to bring the old elevators up to date, or do you pretty well have to construct new ones in order to bring in new equipment and new ideas?

Mr. BALL: We will be spending this next year well over \$1 million on repairs. Some of this is major repairs particularly on land that may be abandoned within the next few years, where we try to avoid new building; we go in and do a major repair job and keep them going for another five or ten years.

Mr. HOPKINS: We have heard a great deal about the shortage of boxcars. Have you met with serious problems in this regard? I do not recall this being mentioned in your brief, but perhaps it was.

Mr. BALL: Yes, Mr. Chairman; every year for the last 10 or 12 years, since we have had stocks of grain backing up in the country, almost at any time we could say that we were having trouble at some station. At the present time, of course, there is an embargo on shipping grain to the head of the lakes because the terminals are filled. There is a limit to what can be shipped west, and many of our elevators at this very moment are congested.

It is something that we work on all the time with the Canadian Wheat Board and with the railway companies. We seem to live with it even though some areas are worse than others. We do have problems at almost any given time of the year.

Mr. HOPKINS: On page 17 of your brief you mention the Canada Labour Standards Code and the problem you are having with it. How do you justify the fact that you should be working overtime if, at the same time, you do not have the boxcars with which to work? Is there a conflict here?

Mr. BALL: I could name a station where we handled between 600,000 and 700,000 bushels of grain through one old elevator last year. Periodically through the year we were short of boxcars. We were congested and could not move. Then we would get a string of boxcars in and the man with his helper would have to work tremendously long hours.

Mr. HOPKINS: You meet with this problem on individual elevators rather than in a general sense?

Mr. BALL: Yes; but we get enough individual elevators in this predicament. Our average handling last year was 247,000 bushels, I think, per elevator. Many of our elevators handled over half a million bushels.

I should tell you that in addition to the basic wage we do pay a commission per thousand bushels after it gets to a certain level. The agents like this.

In addition to that, we are in farm supplies and the agent puts in some hours on most days in trying to sell chemicals, fertilizer, twine and so on. If we get to the point where we have to close our elevator off and say to him: "We are not going to allow you to work overtime, you will have to lock up at five o'clock", these do not happen to be the same hours that the farmer works when the weather is good. So in all logic we would have to let the fellow work longer hours in good weather, and he would have to send his time sheet in to us, because we could not supervise it.

Mr. HOPKINS: I am not familiar with all the branch lines that came under discussion during the transportation bill. Presumably these are lines that are not paying, and this would indicate that elevators on some branch lines are not doing much business.

Are you operating any elevators on branch lines at a loss at the present time?

Mr. BALL: We probably have some. We have some elevators that handle less than 100,000 bushels a year, and some considerably less than that. Quite frequently we have one agent operating two elevators in two different towns. He spends two days at one point and two at the other. But just because our railway line is not paying does not mean there are not one or two good elevator points on that line, where there is a lot of grain. As far as the grain company is concerned we have good handling.

Mr. HOPKINS: The key question is: what do you think the world price of wheat should be?

Mr. BALL: I would refer this to our vice-president.

Mr. TURNER: As I stated earlier, I believe we would be quite happy with a 40 cent increase over the present levels.

Mr. ASSELIN (*Richmond-Wolfe*): This is the world price?

Mr. TURNER: This is what we are talking about—raising the floor and ceiling of the International Wheat Agreement.

Mr. HOPKINS: You feel we could still compete favourably on the world market with a 40-cent increase?

Mr. TURNER: Yes. This, of course, is where you have to draw the balance. We know that our good Canadian wheat can command a premium over a number of



the softer wheats in certain areas of the world. However, I believe that if the floor and the ceiling of the International Wheat Agreement are raised by a substantial amount this would create the atmosphere in world trade for a nice increase in the price of a bushel of wheat.

Mr. HOPKINS: What do you think the initial payment for wheat should be?

Mr. TURNER: The initial payment should be set so that the wheat board can carry out sound pooling practices. We have not strongly advocated that the initial payment for wheat ought to be raised, because this would not really result in any more money being paid back to the producer, in the final analysis; in fact, it may result in a somewhat lower final payment because the wheat board would then have to borrow more money to finance and their costs in carrying the pooling operation for a year would be higher. If you want to raise it 10 cents or so a bushel, that is fine, but we are not too dissatisfied with it where it is today.

Mr. HOPKINS: That is all I have, Mr. Chairman. Thank you.

The CHAIRMAN: Yesterday the Alberta Pool suggested, Mr. Turner, that the initial payment should be raised. I think they suggested 38 cents, was it?

Mr. CLERMONT: In answer to a question I asked they said they saw perhaps in August payment.

The CHAIRMAN: Well, if you will remember, a suggestion was made for a payment somewhere between 28 cents and 35 cents, or something like that. I think the Chairman probably listened more closely than anyone else, because I have to listen to everything that is said. I am quite sure that that suggestion was made.

Mr. HOPKINS: I believe they said, Mr. Chairman, that actually everyone would like to have 50 cents, but that in spite of the quality of the grain they had to look at it in a practical sense and compete on the world market. The fifty cents was not a practical suggestion.

Mr. TURNER: We looked at some figures recently, when the final payment for a bushel of wheat was announced, and it ranged from 45 to 50 cents, roughly, depending on the grade.

If you look at the average commercial farm in Saskatchewan the last census figure seems to indicate that the average-size farm is 500 acres. Now, it would not be reasonable to expect that the farmer would crop more than 300 acres of this to wheat. In fact, he probably would not crop more than 300 acres, in any case. But if he did put in 300 acres to wheat and he were fortunate enough to get the long term average of 17 bushels to the acre, he would then have available from his farm 5,100 bushels. That is over 5,000 bushels of grain for sale. Now, if you take the final payment, the average weighted payment that this would mean to the farmer where he markets his grain at the elevator point would be in the neighbourhood of \$1.70 a bushel. This would give him an income for his farm operation of about \$8,600. But, if you look at the average production costs, as revealed through farm management studies in the province, they work out to about \$22 per acre. So, out of this he would have expenses for operating his farm of about \$11,000. The return he would get from the average crop at last year's

average price for wheat would be \$8,600, or almost \$8,700. Therefore he would be short on meeting his operating costs by some \$2,300.

The only reason for the situation not being like that today is that we have been blessed with well above average crops over the last two or three years. But nature has to be kind to us, in spite of our increased productivity, in order to continue this.

The farmer has done one of several things. He has either sacrificed his own living return, or he is utilizing the depreciation on his equipment to pay operating costs and provide a living. Therefore, we think that just on hard, cold, economic facts the average producer in Saskatchewan has to have a substantial increase in the price of wheat.

You cannot take last year, 1966 production, and hold it up and say that everything is all right. Sooner or later the averages are going to exert themselves and we will be caught with it. We are almost 10 bushels an acre over last year's average. Next year we might be 10 bushels an acre under. If we are, there are a good many farmers in this province who would be in very dire straits indeed.

Mr. SCHREYER: Mr. Turner, I heard you say that the Saskatchewan Pool, as an organization, did not have any strong views about the matter of initial and final payments. I will ask if you can give one good reason why the initial payment should not be increased to a level where it approaches very closely the IWA floor? Is there some good reason for not making this increase?

Mr. TURNER: When I said that we did not have any strong views on this I meant that we have strong views on what the final payment ought to be but not necessarily on the initial payment. We would not argue very strongly for or against it. We are concerned with the total return to the producer, not necessarily the way it is apportioned out through the year.

Mr. SCHREYER: Mr. Chairman, if you will allow me one more question I will forego my allocation.

Mr. Turner, with respect to the matter of grain handling facilities at the country elevator, has the Saskatchewan Wheat Pool made a study, or hired experts to make a study, of the feasibility of rationalizing the country elevator system, of reducing the numbers and of trying to make a complex out of each one that is established so that it can go in for more refined cleaning, seed treatment and so on? Has such a study been made, and are you at liberty to tell us what the findings are?

Mr. TURNER: Mr. Chairman, this is something that we have under review at all times. Once again I would refer this question to Mr. Ball who is directly connected with this particular area. And to Mr. Bob Philips, as well. He has been doing a good deal of the research on this.

Mr. BALL: Mr. Phillips, who is the head of our research department, has been working very closely with management on these kinds of questions, delivery patterns and so on. I think this is what you have in mind. I wonder if you would make some general comment, Mr. Phillips?

Mr. PHILLIPS: Mr. Chairman, I will make just one or two general comments. There was an address referred to earlier, made by a former railroad executive.

This has given a wrong view of the grain handling industry. The suggestion made in this address, which was given some years ago in Winnipeg, was that the grain industry really had not changed its techniques or facilities since the year one, and that if it really were to do something about cleaning up its house the railways would not have all the problems that they have. This is the view that some people have of this statement, and your question suggests you may have a view of this type, sir. This is not true.

The industry has changed very greatly in the size of its houses; and Mr. Ball can give you some figures on this; but there are marked changes in the size; there are marked changes in the size of the loading ramp, as you saw this morning, and in its ability to handle a load; there are today's trucks compared to yesterday's horse-drawn wagons; there are vast changes in the speed of the elevation device which takes the grain to the top, both for binning and loading onto boxcars. We now have elevators that have two of these legs going at the same time so that we can take grain in on the driveway side and expel it on the other side to a boxcar for two different places.

There are some places where we have build considerably larger elevators than the area would appear to be able to use in terms of deliveries today, in the hope that some consolidation will arise out of this. The word "consolidation" in the elevator industry has been in the vocabulary for a great number of years. It is progressing at a much faster rate now than it was a decade ago. These are sort of general comments. The figures would not really help.

If I might amplify, the industry is considering a number of new designs. For example, we did a number of studies on places where elevators might best be located compared to where they are now. In most towns in Saskatchewan the elevator is in the middle of the main street. We have looked at the possibilities for alternative locations more closely related to better highway traffic, and some of the new elevators are placed with this in mind rather than with the main street in mind.

Therefore, the whole question of changes in the pace of the grain industry is very much a part of our thinking, and is happening today and was happening yesterday; and there are other changes for tomorrow.

Mr. SCHREYER: I just want to say, Mr. Chairman, that I certainly am aware of the changes, and I am impressed. I do not want to be misunderstood. I am not suggesting that consolidation and improvement generally in the facilities have not been going on, but I had heard in a somewhat apocryphal way, by way of rumor that a formal study had been commissioned by the Pool and that a set of recommendations or findings had been made on the rather drastic consolidation of country elevator sites and structures. I do not want to pursue it further here, because I am not really sure of my source. However, that is why I asked the question.

Mr. PHILLIPS: If I could make a comment, Mr. Chairman, I might just say that some two or three years ago some professional engineers who were in the business of selling their service produced a proposal which would have changed very greatly the number of elevator locations throughout the west. This got some display in the public notice. They sought to become engaged by some firm in the grain industry, but they did not succeed.



Their proposition would have reduced the total number of delivery points in Saskatchewan from the existing 1,100 to 1,200 down to something fewer than 100. This was a proposition meant to convince a person who would engage a consultant that they had a technique of use to us. We did not engage them. This is probably where your story came from. It was not a study that was done for us at all, or for anyone else.

Mr. SCHREYER: Would you say that those who are aware of this report regard it as lacking entirely in practicability? There is no immediate intent even to approach this series of suggestions?

Mr. PHILLIPS: I think the president and the manager would agree that a change of this magnitude is simply not contemplated.

Mr. RAPP: Mr. Chairman, I just have a short question.

No mention was made in your brief about the Port of Churchill. The Hudson Bay Route Association and the farmers in northern Saskatchewan are continually coming out with statements that had the port facilities been improved, and had more use been made of the fresh water from the rivers that flow into the Hudson Bay it would, perhaps, have had the effect of extending the navigation season and would have given us a better chance to export much more grain from Churchill.

Mr. TURNER: Our position on this is that maximum use should be made of the Port of Churchill, consistent with marketing opportunities and procedures and this sort of thing. We think that the maximum use should be made of that port because of the economies that it will effect for the western grain producer.

Mr. RAPP: When the Russian delegation was here they went up and looked at the facilities and thought perhaps that they could make use of the port of Churchill.

The CHAIRMAN: I would like to ask one question. In your brief you mention that Saskatchewans are noted for being free-traders. I think we all like to think of ourselves as being free-traders. Yet, also in your brief, you worry about the eastern feed board importing cheap grain.

Would you care to comment on this? What is your concern? Do you want a tariff on this cheap grain that is being imported from somewhere else in the world, or an embargo, or what?

Mr. TURNER: This is really not our concern. Our concern here is one of the conflict that might arise between two agencies that are in almost the same field. We have not taken a strong position at any time on the level of tariffs that ought to be assessed against grain and grain products.

The CHAIRMAN: On behalf of the Committee I would like to thank the officials of the Saskatchewan Wheat Pool, especially Mr. Turner, Mr. Phillips, Mr. Ball and Mr. Wright, for appearing before the committee this afternoon and for the capable way they have answered all the questions that were put to them.

We know that all the information will be thoroughly re-examined before the Committee makes its report to the House.

There have been several references to report that your organization has. On behalf of the committee I do not think that I would be taking too much upon myself if I asked you to submit those, so that we can have them for further perusal.

Perhaps we should have them printed as appendices. Is that agreed?

Some hon. MEMBERS: Agreed.

Mr. PETERS: Mr. Chairman, they also mentioned a study that had been done in Alberta, with which they were familiar. Do they have information available on the cost per ton mile of hauling grain that is being undertaken there by Canadian Pacific road transport?

Mr. PHILLIPS: This is in Alberta, where the railway company is carrying grain by trucks. I do not know the details, and I doubt whether we would be at liberty to make them public if we did have them. I think you should ask someone else, sir.

The CHAIRMAN: Thank you very much for attending before the Committee.

We have one other witness who has been waiting very patiently. He is the mayor of the city of Moose Jaw. Should we hear this brief now, or have Mr. Lewry—

Mr. OLSON: Mr. Chairman, I would like to suggest, if it is convenient to Mr. Lewry, that he be transferred to the evening session.

Mr. JORGENSEN: Mr. Chairman, I spoke to Mr. Lewry about this. He apparently has a meeting at eight o'clock, and it would be impossible for him to appear this evening. He also suggested that he would be quite willing to have the brief tabled, and that if there were any questions he would answer them.

The CHAIRMAN: In fairness to the mayor I think we should have him before the Committee if he cares to make a statement at this time. We can certainly have the brief printed as an appendix.

Mr. Louis H. LEWRY (*Mayor, City of Moose Jaw, Saskatchewan*): First of all, Mr. Chairman and gentlemen, I want to thank the wheat pool for their kindness in making sure that the House of Commons committee saw the best part of the province first by taking them to Moose Jaw. I can assure you that I heard from your brother, Mr. Chairman, that you were the black sheep in the family and I had the police department looking out for you while you were there.

The CHAIRMAN: We saw them.

Mr. LEWRY: I am prepared to table this brief, but it is a very short one, and if I may read it I believe it would take me less than five minutes.

The CHAIRMAN: All right.

Mr. LEWRY: The City of Moose Jaw, Saskatchewan's third city in size, and still the province's most industrialized city per capita, remains dependent on the surrounding agricultural trading area for its prosperity.

The trading area expands to a radius around the city, encompassing some 140,000 people, including those living on the wheat-producing and cattle farms, and in the smaller urban centers.

The prosperity of the city of Moose Jaw can be related directly and is dependent upon the similar prosperity of the farming area which surrounds it.

It is with this knowledge that in this brief I wish to present my feelings that it is undeniably necessary that the city of Moose Jaw assist our neighbors in the trading district to maintain a standard of living equal with those of us who live in the larger urban centers.

We feel that with the increasing costs of farming production coupled with the stable prices of the produce of the farms, it is absolutely necessary that the city dweller and the farmer co-operate to maintain a common standard of living.

We are dependent upon the wheat trade—the export of wheat from Western Canada where the highest percentage of Canada's grain production comes from.

In the past few years we have witnessed increasing costs levied against the primary producer by way of increased costs of farm machinery and the lessening of service to the farm producer.

The abandonment of railway lines, in particular, is contributing to these increased costs of the farmer.

The farmer receives approximately \$1.80 per bushel of wheat from the alleged \$2.00 per bushel price. The rest of the price is made up of freight and handling charges. But when he buys—puffed wheat as an example, for his breakfast table—he will pay about 45 cents for an eight ounce package—or 90 cents per pound. This, with simple arithmetic, would amount to about \$55.00 per bushel—when he has to buy it back as processed food.

Your Committee will receive many briefs outlining the increasing costs which farmers are facing and it is not my intention to try to interpret or enlarge upon such briefs.

It is my intent to suggest to this Committee that you can do a service to Western Canada residents, both rural and urban, by recommending to the Government that many millions of dollars are necessary to research a solution to the outmoded method of handling both the products of the farm and our increasing potash and oil development in Saskatchewan.

I noted with interest a report from the Engineering Institute of Canada which recommended that the government support applied research to a much larger extent than has been evident in the past.

With this recommendation in mind, I would urge that millions be spent on research to provide a new method of handling the increasing wheat production of Western Canada and Saskatchewan in particular.

The costs of handling by today's conventional methods—the railways—is costly and inefficient when considered in the light of modern methods which could be available by the construction of commodity pipelines.

I know that such pipelines were the subject of an enquiry in Saskatchewan in 1964 and at that time apparently were rejected. I feel that research should be made to fully explore the feasibility of such pipelines to move wheat from the hundreds of small centres in Saskatchewan which now are seeing the grain elevators become obsolete, as well as the movement of potash.

There have been papers prepared on capsule pipelining within recent months. One notable paper was prepared by Mr. G. W. Hodgson of the Research



Council of Alberta, less than a year ago. Mr. Hodgson has prepared papers also on the pipelining of potash and these papers make interesting reading and I am sure your Committee would be well-advised to obtain copies of these articles. Mr. Hodgson has advised me that he has worked for the past ten years on the development of capsule pipelining in all of its manifestations.

It is my suggestion that if the railways wish to get out of the railway business, that the future of our wheat producing areas will depend on the development of a pipeline which could connect the centers which now have grain elevators, to the larger centres including Moose Jaw, where large storage facilities are available. I am suggesting that pipelining will assist the retention of the farmers in the smaller centres of the Province and at the same time cut the costs of storage and transportation to the farmer. I repeat that research should be undertaken on a large scale to prove the feasibility of such a scheme.

If I may, Mr. Chairman, suggest that we in Saskatchewan also have an expert in the pipeline business. Mr. D.B. Furlong, now General Manager, of the Saskatchewan Power Corporation, had extensive experience in the pipeline business prior to his appointment to his present post some two years ago.

You also know, of course, of Bill S-36 which was passed by the Senate in June of 1966 but which still has to be considered, I understand, by the House of Commons. I am told that there are divergent opinions on that Bill.

In summary may I say that my sole suggestion in this brief is that your Committee consider a recommendation for extensive research into more modern methods of movement of the wheat produced on these Western Plains with the one thought in mind of increasing the standard of living of the wheat farmers in particular and all of Western Canada in general. Progress through research.

Thank you very much.

Mr. LEFEBVRE: I just want to ask you one question, Mr. Mayor. You say that you would like to see research undertaken. In your opinion, would you keep the same number of elevators but move the grain by pipeline rather than by rail?

Mr. LEWRY: This is the idea. I think the wheat pool indicated earlier that they have had to move some elevators because of the abandonment of lines. Now, the railway has said that they want to get out of certain parts of the transportation business. If that is the idea, let us put them out of all of it. They could not care less, as far as the individual farmers are concerned, because they have a complicated method of closing the stations down where there is no business given to the residents of the area. Now they are abandoning the lines, and this is increasing the cost. I am suggesting that if they want to abandon the lines, let us co-operate with them and replace them with pipelines.

Mr. LEFEBVRE: But, you cannot see any reason for having regional elevators. They already have done some research, by people who said they should only have 100 elevators rather than 1400 or so. Do you think they should keep all the country elevators but say to heck with the railroads and build pipelines.

Mr. LEWRY: This is where the increasing cost is coming in. The railways want to have an open—

Mr. LEFEBVRE: What I am getting at is that some of these elevators were built 40 to 50 years ago when we had no highways or trucking facilities as we

have today. Do you think that in the course of evolution some of these country elevators should be by-passed and regional elevators built.

Mr. LEWRY: They are being by-passed to a certain extent. The wheat pool and other elevator companies have had to move them because of the abandonment of lines. I am suggesting that the elevators could remain there as storage facilities but that the wheat be moved by means other than the railway.

Mr. COMTOIS: Do you have any idea of the cost of such pipeline, sir?

Mr. LEWRY: No, I have the papers from Mr. Hodgson, which I am willing to file, but I only have the one copy.

Mr. COMTOIS: All you have is the design.

Mr. LEWRY: I believe there was a suggestion that about 1964 the commodity pipeline under consideration at that time was in the neighbourhood of \$59 to \$60 million in Saskatchewan; but I am thinking of smaller, regional lines to join to central storage depots.

Mr. COMTOIS: It is just the main line that would cost \$60 million?

Mr. LEWRY: Something like that.

Mr. OLSON: Mr. Chairman, I have one question for Mayor Lewry.

This is not related to your brief, but could you tell me what was the major contributing factor to the closing of the Robin Hood Flour Mill in Moose Jaw?

Mr. LEWRY: The major contributing factor as we were advised by the company both in Minneapolis and Montreal was that the overseas market for flour had diminished because the former importing countries had constructed their own flour mills and were now importing wheat.

Mr. OLSON: They did not tell you the equipment in the mill was obsolete compared to new mills, and that the cost of using this equipment was now...?

Mr. LEWRY: We investigated this. The equipment in the Robin Hood flour mills in Moose Jaw and in Saskatoon, which was the only comparative one we had in Saskatchewan, was identical.

Mr. OLSON: Compared to a new mill in some of these other countries?

Mr. LEWRY: I am not even sure of this. I do not know. We were told they had moved some of the equipment from the Moose Jaw mill to other centres.

Mr. OLSON: A final question: Are they using the storage available at that elevator for grain, or is the whole plant shut down?

Mr. LEWRY: Oh, no; the elevator is being used for storage, as I understand it.

The CHAIRMAN: Do you know to what extent?

Mr. LEWRY: No, I do not. I know there was some mention made about the government elevator in Moose Jaw. I heard last week that they are going to use this for storage, as well. It has been used in the past. They are going to re-use this for storage. I think there was some mention, also, Mr. Chairman, of the old bridge that you saw in Moose Jaw this morning.

The CHAIRMAN: I wanted to know what that was for.

Mr. LEWRY: This bridge was built, I believe, in 1912 and was abandoned in 1948. It is very narrow, as you may have noticed. Now we are in the predicament of trying to build a bridge halfway between that one and the one that is heavily overloaded. The bridge has just rotted away.

Mr. ASSELIN (*Richmond-Wolfe*): I have one question, Mr. Chairman. You base this recommendation on what qualification? Are you an engineer, or are you just going by the studies made by others?

Mr. LEWRY: I am, as you are, sir, a politician.

Mr. ASSELIN (*Richmond-Wolfe*): I gathered that from this report.

Mr. LEFEBVRE: Is this brief from the city of Moose Jaw or is it your own.

Mr. LEWRY: It has been approved by the city in this sense, no.

Mr. ASSELIN (*Richmond-Wolfe*): I would like to ask if any other groups have made this recommendation besides yourself?

Mr. LEWRY: Not that I know of, no.

Mr. ASSELIN (*Richmond-Wolfe*): You are the only one that has done this.

Mr. PETERS: Mr. Chairman, has any consideration been given by the potash plants which use the liquid mining method to using a pipeline process for moving before it has solidified again?

Mr. LEWRY: There may have been; I have not heard of it.

The CHAIRMAN: What other materials, are you aware, are moved by pipeline?

Mr. LEWRY: The reports I have read from the research council mention almost anything from wood pulp to coal—any solid.

Mr. SCHREYER: Mr. Lewry, have you reason to believe that the two gentlemen you mention in your brief, Messrs. Hodgson and Furlong, are just as optimistic about the future prospects of pipeline transportation as you are?

Mr. LEWRY: I think, from reading his reports, that Mr. Hodgson is. I have not consulted Mr. Furlong, but I know that he has a long history of pipelines—mostly oil and gas.

Mr. ASSELIN (*Richmond-Wolfe*): Are you a farmer as well as a politician?

Mr. LEWRY: No.

Mr. ASSELIN (*Richmond-Wolfe*): That is one advantage I have over you.

Mr. LEWRY: My wife is the farmer in our family.

The CHAIRMAN: Are there any other questions?

Mr. PETERS: You mentioned Bill S-36. Although I am not familiar with Saskatchewan I am familiar with the terms of Bill S-36. I believe that the Shell Oil Company is putting up \$50 million in this bill for research into commodity pipeline movements. Is this in this area?

Mr. LEWRY: Not that I know of, no.



Mr. PETERS: Do you know where it is? As I understand it, it is going to move sulphur and oil as a slurry.

Mr. LEWRY: I am not aware of the location of it.

The CHAIRMAN: Are there any other questions?

If not, I would like to thank Mayor Lewry for making his presentation here. Having been one for 12 years I know that municipal politicians have to be most advanced in their thinking if they have to exist in politics. Believe me, I have an advantage over many of my colleagues from the experience I gained in municipal politics. It may be that some of them would not agree with this, but it is a fact.

Mr. PETERS: Some of the members of the Committee may not be aware of the fact that Mr. Lewry has participated in the past in some of the federal standing committees.

The CHAIRMAN: Mr. Lewry made reference to my brother who is sitting at the back of the room. He is an M.L.A. in the opposition in Saskatchewan. You will notice that my brother is better looking than I, but you cannot have both!

Mr. LEWRY: I want to thank you, Mr. Chairman, for hearing my brief. I have an appointment in Mort's constituency. That is why I want to get away.

The CHAIRMAN: The meeting is adjourned until eight o'clock.

#### EVENING SITTING

The CHAIRMAN: We have with us tonight Mr. Michael Fitzgerald, Director of Prairie Farm Rehabilitation Administration. I will ask him to introduce the members of his staff who are present. There is no brief, and I think Mr. Fitzgerald intends to tell us about some of the operations of PFRA, as far as the South Saskatchewan River Dam is concerned.

Mr. MICHAEL FITZGERALD (*Director, PFRA*): Mr. Chairman and gentlemen, as you are aware, I appeared before your committee last fall in Ottawa. At that time I think you received from PFRA evidence on the substantive part of our work in western Canada.

The purpose of this particular briefing is to acquaint you with the South Saskatchewan River development project. For this purpose I have with me, Mr. Walt Thomson, one of our assistant chief engineers, who initially was the construction engineer on the project and more recently has been in charge of the project as a whole, as project engineer. With him is Mr. Bill Berrie, our chief design engineer. By means of these various charts and models they will explain very briefly the progress in construction, the purpose of the dam, something about its cost and something about the various uses of the water that will be effected after the project is completed next spring. I will now call upon Mr. Thomson to give details. He will be assisted by Mr. Berrie.

Mr. WALT THOMSON (*Assistant Chief Engineer, PFRA*): Mr. Chairman, it is a pleasure to brief the committee this evening on the South Saskatchewan River

project. The history and the construction of this project are two subjects which would require some time to describe fully. Since my presentation here will be approximately half an hour, I am going to limit myself to some of the selected features of the project. These will be illustrated with slides and followed at the end by a question period, if you so desire.

We have available, and have distributed, these envelopes. If any of you do not have them, there is a surplus supply at the door. These envelopes contain brochures, some literature and photographs which illustrate, in more detail, the over-all project and some of the uses to which the water is being put. We have an aerial mosaic here to provide further detail, which illustrates the extent of the reservoir. This mosaic has been prepared from an aerial photograph. The scale is about an inch to the mile. The heavy blue colouring represents the flooded areas. The city of Swift Current is about here; Outlook is here, and Elbow is there. The Alberta border would be about over here.

Now, it is intended that all these exhibits will remain in this room and you will have a chance to look at them, if you wish, at the conclusion of the meeting or tomorrow. They will be here all night. I do not intend to describe them in detail; they are here for your observation and convenience. The next is like the models which many of you have probably seen in the airports at Saskatoon and Regina. It illustrates the physical features of the main works. This is a diagram illustrating mainly the SSEWS project. This is what we call the Saskatoon Southeast Water Supply project. This development is being undertaken by the provincial government. The dam, by the way, is here. This represents an extension of the irrigation system to a system of canals and pipelines to serve, primarily, the potash industry southeast of the city of Saskatoon. You will note the various locations of these potash mines and the full dam being developed. This canvas represents a typical cross-section of the embankment. Beneath this there is a series of photographs taken during construction and showing points of interest.

I have a few brief notes here that I thought I would review before we show you the slides. The concept of a dam on the South Saskatchewan River was first envisioned by a Captain Palliser, an English explorer. In 1857 Captain Palliser made a report to the British government, in which he mentioned the feasibility of establishing a dam on the South Saskatchewan River to create a navigable channel down the Qu'Appelle, the Assiniboia and the Red to Fort Garry. The next year, in 1858, the Canadian government sent out a Professor Hynd from Trinity college. He explored the area between Fort Garry and the Saskatchewan, and he also recognized the potential of a dam here; his report referred to the benefits which could be derived through the territory which was then called the Dakotas and Ruperts Land. This was followed in 1919 by a suggestion from an eminent engineer, William Pearce, that it would be possible to divert the headwaters of the north Saskatchewan into the South Saskatchewan—this would be out in the foothills of the Rockies. In 1920 the Canada Bureau of Reclamation undertook some surveys which outlined a considerable area of land in central, eastern Alberta and western Saskatchewan. Now he envisaged diverting the north into the south and then a further diversion of the Red Deer River in central Alberta, from which there would be a system of canals extending into Saskatchewan. That was the next step in this process.

In 1930, by agreement, the government of Canada transferred the resources to the province and at that time studies on the Saskatchewan scheme stopped. In 1939 the newly-created Prairie Farm Rehabilitation Administration started to investigate Pearce's proposals. It really concentrated on a revision to Pearce's scheme which involved a dam in Saskatchewan. This scheme would have provided for a dam and reservoir wholly in the province of Saskatchewan, a much shorter canal system with a head for the development of hydroelectric power, along with other benefits associated with having a scheme wholly within one province. So, between the years 1943 and 1958 we investigated ten sites for a dam between Cabri and Outlook. We finally selected the Coderre Creek site. The selection was made because the topography there is especially suitable for the works. The spillway could be located well removed from the embankment and there was an abundant source of good gravels and clays for both concrete and embankment construction. So finally, that was the site selected.

There were a series of protracted negotiations carried out with the province of Saskatchewan with regard to the cost-sharing arrangement for such projects. This culminated, in July of 1958, with the signing of an agreement between the government of Canada and the province of Saskatchewan which provided for the construction of a reservoir and cost-sharing arrangements. I will briefly describe this agreement between the two governments. It provided that Canada would construct the reservoir by building a main dam on the South Saskatchewan River and a subsidiary dam in the Qu'Appelle Valley. You will notice the river forms an elbow, and this is how the town of Elbow got its name. This arm is an arm of the Qu'Appelle. That is a height of land of the Qu'Appelle and the drainage runs east and west from that point. This dam is located right on the height of land.

The agreement provides that Canada and Saskatchewan would share in the cost of the reservoir, 75 per cent to be borne by Canada and 25 per cent by Saskatchewan, with the provision that Saskatchewan's contribution would not exceed \$25 million. On completion of the reservoir, Canada is to transfer the works of the reservoir to the province although Canada will maintain it for 10 years, the first six years of which Canada will pay all maintenance costs. For the last four years these costs will be shared equally with the province.

The agreement also provides, in the event Saskatchewan proceeds with the construction of a hydroelectric facility, that the costs will be borne by Saskatchewan, although Canada agreed to contribute 25 per cent of the cost of the external penstocks. A third point in the agreement was that Saskatchewan would assume, entirely at her own cost, full responsibility for the construction, operation and maintenance of an irrigation system. That outlines the agreement, in general terms.

With regard to the river itself, I have a few statistics here to illustrate the hydrology of the river and give you an idea of the magnitude of the water we are dealing with. The main source of water for this river is the eastern slopes of the Rockies, the foothills. The flow records vary significantly from year to year and within each year. Since 1911, records have been taken and flows have fluctuated from a minimum of 500 second-feet, which is cubic feet per second, in December of 1936, to a maximum of 147,000 second-feet in June of 1953. With regard to the amount of water in each year, this has fluctuated from a minimum of 3.4 million



re-feet in 1947 to a maximum of 14.6 million acre-feet in 1916, an average of 7 million acre-feet. This illustrates the wide range in the flow and the effect a reservoir such as this could have in equalizing or storing these peak flows.

The reservoir at the main dam is 185 feet deep. It has an area of 110,000 acres and extends 140 miles in length. The Qu'Appelle Dam is approximately 90 feet in height. The capacity of the reservoir is 8 million acre-feet and the useable storage of this is 2.8 million acre-feet. Construction of the main work began in the fall of 1958 and has continued since that time. All the work is complete to date except for landscaping and riprap and clean-up. We expect all the work except the landscaping will be complete this year. The embankment itself has been constructed in five stages and these will be illustrated with slides. It is what is termed a rolled-earth fill embankment. It has been built in lifts, each approximately 6 inches in depth.

We diverted the river through five tunnels constructed in the west abutment in February of 1964. I might mention that these tunnels are each about 4,000 feet long; they have a finished diameter of 20 feet, and three of them are lined with steel. These steel liners serve as penstocks, and in the initial hydro development these first three tunnels are being developed for hydroelectric generation.

The other main structure at the site is the spillway. This is quite an imposing structure; it is 3,000 feet long and has a designed capacity of 265,000 second-feet, which you will see is quite a bit higher than the maximum recorded flows. The crest is gated with 11 radio gates, each 29 feet high and 40 feet long.

I will tell you what has happened to the river since we have built the dam. We diverted the river through the tunnels in 1964, and this enabled us to build the river section of the embankment after that date. The reservoir was raised 80 feet in the spring of 1965. It was held there for a year and in August of this past year, namely August 1966, we raised it another 30 feet. At the present time, the pond is being drawn down to generate power at the Squaw Rapids plant. We are going to draw it down a depth of about 16 feet—not to 16 feet but a depth of 16 feet. We expect this will stop about the second or third of March, at which time we will start to store water. We expect to have a depth of about 125 feet this summer at the site, and probably next year it will be raised to its full height.

I can outline, with regard to the benefits from this project, the prime benefits of the scheme. One of the major benefits of the reservoir will be the production of hydroelectric power. The initial development involves the installation of three 62½ megawatt units, the first of which will go into operation in the fall of 1968, and the third one will follow shortly thereafter, within a few months. The reservoir also provides storage and regulation for further power developments downstream. It is estimated that there are five sites downstream of this dam between Outlook and Squaw Rapids. So, this storage facility is really very significant. It is estimated with regard to irrigation that there will be between 200,000 and 500,000 acres of land eventually irrigated. That is quite a wide spread but the 500,000 acre figure will be an ultimate figure and it may take considerable time to develop. This will be affected, of course, by economic factors and I guess the need for irrigation of the land.

Initially the province is developing 40,000 acres in the Broderick area and this will be ready for irrigation in the fall of 1968 but the first complete year will

be in the spring of 1969. The first benefits, probably, to be derived from the reservoir will be the supply of water for this scheme which we call the SSEW scheme. This is a supply of industrial water and water for urban use in the area south and east of Saskatoon. This scheme is presently being developed, I understand, at a cost of approximately \$25 million and it will be in operation this fall.

In addition to the SSEWS scheme, the reservoir works will also enable the discharge of water east, down the Qu'Appelle, through the Qu'Appelle lakes into the Assiniboia and Red Rivers. This will actually have an effect on these lakes and the cities of Moose Jaw and Regina, which presently draw water from Buffalo Pond, will be affected in that there will be a better supply and, presumably, a better quality water.

Now last but not least, the construction of the reservoir is certainly going to have important implications on the recreation facilities in this area. This is an area which at the present time you might say has no recreation facilities of this nature. These are rather hard to evaluate but they are becoming important, and this, I am sure, is going to be one of the important benefits.

Now, we will see a few slides, which you might find interesting. These were taken during the course of the work, and I will go over them as quickly as I can.

*Slide No. 1—Showing opening ceremonies, Spring of 1959*

The first photograph is a picture of opening ceremonies which occurred in the spring of 1959. I do not imagine you can pick out the people at the head table.

*Slide No. 2—Headquarters area construction site*

This is the construction headquarters area. This houses and provides facilities for engineers and technicians that are supervising construction. There are 4 houses, a staff house, an office building, shops and buildings of that nature.

*Slide No. 3—View of site before work commenced*

This is a view of the site before any work commenced, showing the damsite.

*Slide No. 4—View of diked area in 1959*

This is a view taken in 1959. It shows how the river was diked off, and this portion of the river was then filled with sand. The entire magnum has a sand foundation. The natural materials in the river consist of sand for a depth of 90 feet. So we diked this off and filled it up with sand to above the water level, and on top of that platform the embankment has been built out of stone and selected materials which varies from sand and gravel to clay.

*Slide No. 5—View later in 1959*

This is a picture taken the same year but a little later. Also, it is reversed. It shows the area of the dikes. We are now placing the embankment on top of the sand foundation.

*Slide No. 6—Construction bridge*

This is a construction bridge which was built for temporary use to transport material across the river. It just happened that all our gravel was on the west side and all the good clay was on the east side. So there had to be a cross-haul of material. This bridge has been dismantled and sold.

*Slide No. 7—Difficult excavation*

This illustrates a particularly difficult piece of excavation in one of the cut-off trenches on the west side. It illustrates four pushers on twin use. There is quite a bit of power there.

*Slide No. 8—View of site in Fall 1963*

This is a view of the site in the fall of 1963 immediately prior to diverting the river through the tunnels. The construction bridge downstream shows, and this is a temporary coffer dam we prepared up here, about 90 feet high. The initial closure was made right across here. This diverted the flow of the river into this channel and through the low-level intakes and out the outlet works back at the river here. When this closure was made it enabled us to build a coffer dam to 10 feet, a sufficient height to carry the high flows in the early spring. This part of the channel was again filled with sand and the embankment was built on top of it.

*Slide No. 9—View in Summer, 1965*

This was a view taken in the summer of 1965 which shows the entire river section, which is now covered with embankment material. This is a coffer dam which was built in the winter of 1964. As soon as the diversion closure was made here, this gap was closed in the winter, mainly using sands and gravels, and the coffer dam was left in place and is now submerged.

*Slide No. 10—View of works Fall 1966*

This was a view taken last fall which shows the works pretty well as they are today. This is a spillway structure 3,000 feet in length. This is the basin. The crest is just off the picture here. This is the main river section embankment, the control shaft, the outlet works, the area where the powerhouse is being built. The pumping plant is located on the east side up this ravine and from this point a canal leads off.

*Slide No. 11—View of placement of riprap*

This is a picture showing the placement of riprap on the upstream slopes of the main embankment. These boulders vary in size depending on their location, the largest size we used was 8,000 pounds. An 8,000 pound boulder is a pretty big stone. These ones are not that large. Our specifications go up to 8,000 pounds.

*Slide No. 12—Tunnel Outlet Area*

This is a recent photograph taken last fall of the tunnel outlet area which illustrates the start of construction on the power plant. This is a coffer dam which closed off the first four tunnels. The area has been dewatered and the foundation excavation has been completed. This is a temporary housing which was built, under which at the present time they are pouring the footings for the powerhouse. These first three tunnels are presently being developed for power. You will notice the base on this one is longer. It is a permanent outlet base and this tunnel, number five, will be kept permanently for regulating purposes.

*Slide No. 13—View of outlet tunnels*

We are backing up slightly here. This is a view of the outlet tunnels taken in the winter of 1960. These are the outlet proposals; this machine is the mechanical



mining machine which was used to mine the tunnels. It is called the Mole. At the time we had this machine on the job this type of excavator was pretty new. They had used it on a dam on the Missouri river but the idea was still pretty new. Now since 1960 and 1961, of course, this has become quite a commonly accepted method of excavating tunnels in soft rock or in clay. When we first brought it here it was quite a new thing and there were a fair number of problems associated with getting it operating.

*Slide No. 14—View of Steel Liner Section*

This is a view of one of the steel liner sections that went into one of the first three tunnels. These are 20 feet in diameter. These are temporary portals called spiders and these are stiffener plates placed on the outside. The tunnels have two and a half foot thicknesses of concrete; this served as a form and is left in place.

*Slide No. 15—View of Mole*

This is another view of the mole or cutting machine. This is the cutting head which rotates and these are the cutting teeth. There are sort of scoop buckets that go around the periphery here. You cannot see them here because they are not on. They are mounted in place once the machine gets in the tunnel. This head rotates to pick up the loosened muck or rock. The word "muck" is misleading; it is not wet but, rather, fairly dry clay. It falls to the bottom, is picked up by these rotating wheels, carried back through a conveyor, is dumped on a mining car and transported out of the tunnel. This machine performs continuously. Once you start a machine like this, one of the tricks in operating it is to keep it working. If you stop there are often problems associated with starting it again in that the rocks squeeze in on you and tend to hold it. So the general procedure was to work it continuously, seven days a week, 24 hours a day. It produced a maximum of 140 feet in any one day. The average production in a good day was about 70 feet. Actually the average was a little less than that, 45 feet over the entire period.

*Slide No. 16—View of Tunnel*

This is a view of the tunnels before they were concreted. After the machine excavated, these wide flanged beams were placed. Between the beams there is longitudinal lagging which is covered with a spray coat of gunite to keep the shale from drying out. After each tunnel was excavated it was poured in this fashion and then it was lined with a continuous concrete operation. These are airlines, waterlines and tracks for cars.

*Slide No. 17—View of Tunnel*

This view illustrates the tunnel. These are the low-level inlets, the high-level inlets and control shafts. The low-level inlets were for the purpose of diverting the river. When the river was diverted we cut off the entrance to each of these low-level inlets and, as I said, in the spring of 1965 we brought the pond up, and these inlets then became serviceable and are the permanent inlets for the outlet works. They are over 100 feet below the high water-mark so they will always be submerged.

*Slide No. 18.—View of Control Shaft*

This is another view of the control shaft. These are quite imposing looking structures. This is a view of the pond, taken, I believe, this spring. The pond was

till down around 80 feet in depth. These are trash racks you see here which at that time we had raised. They have since been lowered and of course the water is way up here now and these are all submerged.

*Slide No. 19—Discharge through tunnels*

This illustrates the discharge through the tunnels. It is a picture from the downstream edge of the dam, showing the control shafts and the inlets.

*Slide No. 20—Graph of Spillway structure*

We did not have a photograph to show the crest of the spillway structure so this is taken from a photograph of a portion of a plan. This is the crest of the spillway structure. If you were out there examining this structure, the ground lies up about here. You can see down to this depth, and all this portion of the structure here, is underground. The majority of the structure is underground, it goes down a depth of 75 feet into the ground. These are inspection galleries and chambers, traverse structures in which we have installed relief wells and various test apparatus for measuring settlement, movement, pressure beneath the structure and so on. These are the radio gates, 29 feet in height and 40 feet in length. This is a highway that passes over the top of the structure.

*Slide No. 21—View of Crest Structure, Spring 1966*

This is another view of the crest structure taken in the spring of 1966. The contractor is just starting to work on the four inch slab here.

*Slide No. 22—Downstream view of Gates*

This is a downstream view of the gates. These are radio gates. These are the pinion arms supporting here. These are very large gates as you can see.

*Slide No. 23—View of Spillway Structure Downstream End*

This is a view of the spillway structure from the downstream end taken in the summer of the year.

*Slide No. 24—View of Paving Operation*

This is a view of the paving operation of the chute. The chute is an 18-inch thick reinforced concrete slab, continuously reinforced in both directions. There are no open joints or contraction joints except at the crest and the one down the way. This is the steel reinforcing grid. This is a slipform paving machine. I believe it is one of the first in Canada. It has since been removed. This is a new technique in paving. This is really a machine adapted for highway paving. Rather than forming a side, each of these lanes is poured independently and alternate by in order to provide for shrinkage to occur before the structure is completed. The contractor asked if he could use this machine; we improved it and used it and it turned out very satisfactorily. No formula is required.

*Slide No. 25—Completed View of Structure*

This is a completed view of the structure. These are the radio gates. You can see that it is sort of an hourglass shape.

*Slide No. 26—View of Qu'Appelle Dam*

This view is of the Qu'Appelle Dam. It is the only one we have. Across the Qu'Appelle Dam, we had to relocate the C.P.R. railway. The railway formerly

crossed the Qu'Appelle Valley in the area now occupied by the reservoir. So we relocated the C.P.R. line that runs from Moose Jaw to Edmonton. We had to relocate this between Bridgeford and Elbow, about a 13 mile relocation, and it passes over the top of the Qu'Appelle Dam. This was completed and the first train went over, I believe, on the 6th of August, last summer.

That completes the slides, gentlemen. If you have any questions we will be glad to answer them?

The CHAIRMAN: Mr. Rapp, on a short question?

Mr. RAPP: Mr. Thomson, you have mentioned the benefits of irrigation, recreation and electrical power. What effect will it have on our future potash industry.

Mr. Wm. BERRIE (*Chief Design Engineer, PFRA*): These potash mines south and east of Saskatoon are shaft mines; they are not solution mines. Nevertheless, in the processing of potash a considerable amount of water is required and this serves as a source of water in an area where there is very little water at the present time. In other words, some arrangement would have to be made to supply this area with water because it does not exist locally.

Mr. RAPP: In other words, this will be a good thing for our future extension of the potash industry.

Mr. BERRIE: This, or some other alternative, would have been necessary.

Mr. CLERMONT: Am I correct, gentlemen, that the federal government will share 25 per cent of the cost of any hydro power development?

Mr. BERRIE: Only of the external penstocks. The total cost of the external penstocks is in the neighbourhood of \$4,600,000. The federal government shared about \$1.2 million.

Mr. OLSON: How long do you think you could project the development of the irrigation part of the dam?

Mr. BERRIE: At the present time, the agreement provides for the province to develop 50,000 acres within a year of the reservoir reaching a minimum operating level. The province has presently contracted for an area approximately 35,000 to 40,000 acres. They intend to add to this shortly and they will have met this basic initial commitment of 50,000 acres in the Broderick area. My understanding is that there is no immediate plan for an extension of this but there is in the foreseeable future.

Mr. OLSON: But in respect of the 200,000 to 500,000 acres that you talked about, there is no projection of when these will come into operation?

Mr. BERRIE: We expect it will be a thing that will occur gradually, probably over a lifetime or two.

Mr. OLSON: Do you have to lift the water for this first 50,000 acres?

Mr. BERRIE: All of the water is being lifted. There will be a pump plant on both abutments of the dam, east and west. A lift on the east side, which is presently installed, is approximately 40 to 50 feet, depending on the level of the reservoir. That is the initial lift.



Mr. OLSON: Well, how much more does it have to be lifted before it can be out on the land by gravity.

Mr. BERRIE: For this initial 50,000 acres, no more. Now the SSEWS scheme, which involves water for industrial and urban use, has an additional 180 foot pump lift over in the vicinity of Watrous, but this is quite a small capacity.

Mr. OLSON: Is there provision for a continuous supply of power to lift this water without it having to be transferred to the irrigation costs?

Mr. BERRIE: You are thinking of a lessening of the farmers' share of the benefit?

Mr. OLSON: I am thinking about the cost of lifting this water somewhere down the road where you may or may not have a water-user association operating their irrigation scheme.

Mr. FITZGERALD: I think the answer to that question, Mr. Olson, is that the provincial government is responsible for irrigation and all uses out of the reservoir. The cost to the farmer, I think, is generally shared in the benefits of hydroelectric power. I do not think the province has ascertained what benefits individual farmers will receive as a result of the hydro power development. Again, I say, the cost in benefits here, the cost of irrigation versus benefits from power is purely a provincial matter.

Mr. OLSON: Have there been any projections done on the cost of delivering this water to the farmer's gate, with nothing for capital cost, but operating cost?

Mr. FITZGERALD: I do not think so, Mr. Olson, no.

Mr. HORNER (*Acadia*): I would like to ask a number of questions, but I think the committee would be wise to forego too many questions in view of the fact we have three or four more witnesses to hear on different subjects. I am going to waive any questions I would like to ask on this subject because of my desire to proceed with the other witnesses who have waited patiently to be heard.

Mr. SCHREYER: Mr. Chairman, I have just one question. I note that on page 2 of the statement it is said that all phases of the project will cost approximately \$110 million and that the province's share would be 25 per cent up to \$100 million. What about the balance? What is the ratio of cost-sharing on the balance?

Mr. BERRIE: The present estimate of the cost of the reservoir is about \$115 million. This is an updated figure. I am quoting this in round figures; it could be \$1 million off. The province will only share to the extent of \$25 million and Canada will bear the balance of \$90 million.

Mr. SCHREYER: Does that include the power development?

Mr. BERRIE: The power is separate.

Mr. SCHREYER: What is the estimate there for total completion?

Mr. BERRIE: This is a provincial expenditure. Now, the provincial estimate of the first three power units is \$23 million. Canada is contributing an additional \$1.2 million.

Mr. SCHREYER: Thank you, Mr. Chairman.

The CHAIRMAN: I think, if it is agreeable to the committee, that we will discontinue questioning, mainly because of the time, and thank Mr. Fitzgerald and his staff. If at some future date, when we are discussing the PFRA under the estimates for the new year, we will be sure to ask all the questions that are necessary then.

The next witnesses are Mr. Brockelbank, Mr. Nollet and Mr. Kramer. Mr. Brockelbank will introduce the group that are presenting the brief to the committee.

Mr. J. H. BROCKELBANK (*M.L.A., Saskatchewan*): Mr. Chairman and hon. members of the House of Commons, I want to say, first of all, that we are here representing the caucus of the C.C.F. party in the Saskatchewan legislature. We cannot speak for the government, but we can speak for our group. On behalf of that group I want to say how happy we are to have a committee of the House of Commons visit our province to hear the representations that we have to make. I know too, that the people of Saskatchewan would want someone to say, and I shall say it, on their behalf, that they too are happy to have you visit their province of Saskatchewan.

I have with me Mr. Nollett, who was first elected to the legislature in 1944. He became Minister of Agriculture in 1946 and was Minister of Agriculture in our province until 1964. Mr. Nollett has a brief to present. He will not read it all to you but he will comment on it. Before Mr. Nollett commences I would like also to mention Mr. Kramer, who is also here. Mr. Kramer was elected to the legislature in 1952 and for two years, from 1962 to 1964, was Minister of Natural Resources. When we heard that your committee on agriculture and forestry was coming to Saskatchewan, we wanted to make a presentation not only in regard to agriculture but also in regard to forestry. The brief that Mr. Kramer has is in regard to forestry, if we want to be technical and classify it that way. Although I realize this is a little bit out of line with what you have been hearing, I do hope that you can hear it. The brief is short. Now we can discuss that and I can hear from you, Mr. Chairman, on that point later.

I would now like to call on Mr. Nollett to make his presentation to you in regard to agriculture.

Mr. I. C. NOLLET (*M.L.A., Saskatchewan*): Mr. Chairman and members of the committee, I wish, first of all, to apologize to you for not having been able to give you a more legible submission and, more particularly, that we were unable to get the translation in French for the benefit of our French colleagues from Quebec. I hope you will overlook these deficiencies in this submission. Before I begin, I should say that I am not, in this brief, dealing specifically and entirely with the wheat board and the wheat problem. I drift from the wheat board and wheat into the general agricultural problems. My thesis in the presentation is that we have reached a situation in rural depopulation that is critical, that certain economic factors primarily have brought about rural depopulation, and that to arrest this trend we ought to seriously consider alternative policy, of an economic character that might reverse this trend and indeed make possible more employment opportunities within the agricultural industry. The proposals submitted in this paper will be new; I would not say completely unorthodox but I believe realistic. I am aware, of course, that your committee, under its terms of reference, will not be able to report to the House of Commons on this aspect. My

prime hope is that the material contained in this will give you an opportunity to study and given thought to a comprehensive marketing and farm income policy for Canadian agriculture. More and more we hear leaders saying—provincial premiers, leaders of farm organizations and so on—that we ought to have a national conference on this matter. I hope that that will come. I urged that when I was minister of agriculture. I hope that it will materialize, and that serious study can be given to what I consider to be the prime factor, the economic factor that has created the distress in the industry.

I am not going to read all this, Mr. Chairman. You have a busy schedule, and I do not know what your quitting hours are. I do hope to read the first part, in which I set out a case for the kind of policy that is subsequently proposed.

Mr. Chairman, I very greatly appreciate the opportunity to make a presentation to your Committee as you travel across our great country seeking information and advice which may be of benefit to our farm industry.

You are to be congratulated on your decision to obtain valuable first hand information in this manner.

I am aware that your terms of reference and subsequent report to Parliament are limited to the Wheat Board and associated wheat aspects of the agricultural industry. However, with your indulgence, I would appreciate the opportunity at this time to deal with what I consider to be the main problems confronting the wheat farmers, as well as farm problems generally. I would do so in the knowledge that under the terms of reference while your committee cannot report to Parliament regarding matters beyond its scope, I would, however very much appreciate making more extensive observations for the benefit of members.

The Wheat Board principle of marketing and its successful operation over the years represents the greatest advance made to date in marketing a farm commodity. This government agency has brought greater price stability and marketing advantages to the wheat aspects of our farming economy than any other action taken by the Federal Government in the field of marketing farm products. Extending the scope of the Wheat Board principle of marketing to other field crops not now included and the establishment of a similar Board for the marketing of other farm products might well be considered. This is not to say, however, that the present price of wheat is adequate. This is not due though to any major deficiency in the Wheat Board system of marketing but is largely due to the influence of constantly rising farm costs.

Your decision to become a travelling committee could not have come at a more opportune time. I say this because to date no effective solution has been found for the major problems which have adversely affected our basic industry of Agriculture. Many piecemeal palliatives have been applied but none have as yet achieved the desired objective of arresting the cost-price squeeze faced by farmers. Bumper crops in the last several years have only camouflaged the problem. It is now an established fact that the past and present trends will continue in the future unless a completely new and bold approach is developed to find a solution to the salient problem of inadequate farm income.

May I emphasize as strongly as possible that the central problem is low income. I say this at this point because further along in my presentation I wish to elaborate on this point more extensively.



Looking back over the years, one can only conclude that our self-employed farm population has constantly faced a serious income deficiency problem. One must also conclude, as stated previously, corrective measures employed to date have proven to be ineffective. The only available escape for the farmer from his low income quandry was to either get off the farm and seek better income opportunities in the non-farm sector or to enlarge the scope of his farm operations.

In the latter case this too now presents a doubtful method of improving realized net farm income to any great extent.

Now I move to past trends in Saskatchewan agriculture to give you some background information on our own situation here in the province. Let us, first of all, review past trends as background material to realistically analyze past and present trends and endeavour to pinpoint some of the causes. For example, in 1936 the total occupied farm land in Saskatchewan was 57,000,000 acres; in 1936 the total occupied improved land in Saskatchewan was 33,600,000 acres; in 1936 the total number of farms in Saskatchewan was 142,400; in 1936 the average size of farms in Saskatchewan was 400 acres.

Now, we go to 20 years later and we find that the total occupied farm land went up by approximately 8 million acres to 62,800,000 acres. And the improved farm land acreage increased by about 7 million acres to 40,500,000. The number of farms, however, decreased to 103,400. In this 20 year period of time we lost 39,000 farmers, and the average sized farm went up to 600 acres. Eight years later—that is 28 years since 1936—our occupied farm lands went up to 64 million acres, a plus over 1936 of some 7 million acres. The improved farm land acreage in total went up by about 9½ million acres to 43,117,000 acres. That is roughly about 43 per cent of the total cultivated acreage for Canada. In 1964 the total number of farms was 93,000 and it dropped from 1936 to 48,000. I am told now that this figure is around 84,000 or less, so, we lost another 10,000. Some say 80,000 others say 84,000. At any rate we are still going downwards.

So in this 28 year period the total acreage of improved farm land in Saskatchewan increased by 9,517,813 acres, while the number of farms in Saskatchewan decreased by 48,400 farms. The improved acreage per farm in this same period of time increased from 236 acres in 1936 to approximately 460 acres in 1964.

Among the major causes for this off-the farm exodus might be listed as follows:

#### *Farm Machinery Costs*

Greatly increased costs associated with farm mechanization were not accompanied by comparable increases in farm prices. This is one of the factors. For example, in 1946 the retail value of new farm machinery purchased by Saskatchewan farmers, including repair parts, was \$34,390,000. In 1964, the retail value of new machinery and repair parts purchased went up to a record high of \$135,472,905, an increase of nearly fourfold, these figures are taken from the agricultural machinery administration annual report of 1965. Of course, further substantial increases have taken place since that time. In 1946 new farm machinery (excluding repair parts) purchases as a percentage of realized net farm

income was 19.5 per cent whereas in 1963 this percentage rose to 26.3 per cent.

It is also of interest to note that the average price of wheat to the farmer in 1946 was \$1.62 per bushel. In 1964 this price was \$1.60 per bushel—some slight decrease; prices remained the same or went down.

In 1946 the per acre purchase cost of farm machinery and repair parts was less than \$1.00 an acre of improved farm land in Saskatchewan. In 1964 this cost went up to approximately \$3.15 per acre despite the large drop in the total number of farms. This is taken from the 1965 report of the Saskatchewan Department of Agriculture. The high costs of farm mechanization together with low farm prices are the prime reasons for rural depopulation and continuing economic pressures for still larger farm holdings.

Now, let us take a quick look at other farm costs. In addition to mechanization costs, other cost inputs for a variety of goods and services required by farmers have greatly increased in number, volume and price. Firstly, numerous new items never previously required are now necessities, such as electrical supplies, welders, electric power units, household equipment, refrigeration—and a growing assortment of tools and other supplies required under modern farm circumstances. An increased volume and number of various chemicals are now required farm cost items. The rapidly expanding use of commercial fertilizers is another rapidly growing farm cost item. Demands for better rural services consequent on mechanization (such as more costly roads, power services, improved health and educational services) can be met only through higher income. If farmers are to share in the affluence of our economy, higher income is required to pay for much more costly goods and the legitimate demands of modern society. Our failure to date to provide sufficient income to meet these cost demands has resulted in a continuous rural depopulation. This exodus was particularly heavy among young people who often found themselves with little choice but to leave the farm regardless of the fact that many wished to farm. The great new and exciting opportunities in farming which would challenge the imagination and skills of young people all to often could not compete against the economic problems involved. Many of these displaced young people would still return to farm life provided income rewards were equal to those in the non-farm sectors.

Now, we will take a look at capital investment. In addition, total farm capital investment has increased substantially. Mechanization of farms and technological change over the years have increased the importance of capital investment in relation to realized net farm income. The following figures underline this observation. In 1941 the total farm capital investment, for the province as a whole, was \$896 million. This went up constantly, in 1946 to \$1.223 billion; in 1951 to nearly \$2 billion; in 1956 it was over \$2 billion; in 1961 it went up to \$2.864 billion, and it has gone up since. It is estimated in 1965 this capital investment is now very nearly \$4.5 billion.

Farm machinery investment increased rapidly since 1941. In that year farm machinery investment was \$143,000,000 or 16 per cent of total farm capital investment. In 1961 farm machinery investment was \$686,825,700 or 24 per cent of total capital investment. The largest increase occurred between 1946 and 1951, when machinery investment more than doubled.

By 1956 land investment accounted for about 50 per cent of the Saskatchewan farmer's total capital investment with machinery accounting for roughly 26 per cent while the balance was made up of buildings, livestock and so on.

Since 1956 investment in both land and machinery has taken another great leap upward. Land values, due to adverse cost-price relationships and consequent economic pressure towards larger and larger farm units, have now reached the point of no return in terms of income expectations from investment and other cost factors. It is clear that the farmer more than anything else requires higher prices and income to meet escalating costs for all his requirements.

I come now to realized net farm income which, of course, as you know, is the farmer's so-called take-home pay. This is a pretty good measure. I would like you to think, as I do when I present this paper, of the agriculture industry as a complete industry as a whole, or one big farm. What I am looking at is the input into this big farm, the costs it is expected to carry and the amount of income it has to meet those growing costs.

Perhaps the best way to appraise the effects of increased costs on farm income and rural depopulation would be to review long-term records of realized net farm income, often referred to, as I mentioned "the farmer's take-home pay". The following D.B.S. statistics in this regard for the years 1951-1965 are most revealing. For Saskatchewan, these figures show that the combined realized net farm income for the three year period 1951-53 inclusive was higher than the more recent three year period 1963-65. The in-between years, 1954-62, on an annual basis, with the exception of 1961 and 1958, were all well below the top and bottom three year periods. This is quite significant.

For Canada, these figures show that for the entire period of fifteen years 1951-65, the record high year for realized net farm income was 1951. Every single year after 1951 realized net income was lower. This is significant because there are less farmers to share in this income. So many of us rather feel that this increased size of farm units and depopulation is not a bad thing, that it makes for greater efficiency. I am talking about productive efficiency or ability to meet an economic situation.

This is conclusive evidence that high farm costs and low farm prices are the salient factors contributing to low farm income, rural depopulation and the economic pressure towards larger and bigger farms. Prices and costs are beyond the farmer's control. The only avenue of escape open to the farmer from this type of economic determination, as stated previously, was to either get off the farm or enlarge his holdings. Enlarged holdings and better farming aids for increased production have not succeeded in offsetting increased costs for the industry as a whole.

At this point reference might well again be made to effects on Saskatchewan's rural population. The 1941 census reveals a rural population of 600,846 being 67.06 per cent of Saskatchewan's population. The 1961 census shows a farm population of only 304,672 being 32.9 per cent of Saskatchewan's total population. This is a reduction of nearly 50 per cent between these census reports. Farm price relationships to farm costs determine the farmer's realized net income level as well as his desire or ability to stay on the farm. The above census comparisons show approximately 50 per cent left during a period of twenty years.



The CHAIRMAN: Mr. Nollelt, I think a number of the members are wondering when you are going to start to summarize the brief.

Mr. NOLLETT: I was going on to a table which I have.

Mr. HORNER (*Acadia*): Mr. Chairman, might I suggest that my good friend, Mr. Nollelt, allow us to question him on this brief right now and that we have the brief printed as an appendix to our committee proceedings. Perhaps it would speed up our meeting if we question Mr. Nollelt on his brief. I have some questions and so do some of the other members. I am saying this in all sincerity because we have about three more briefs to hear and it is 9.30 now. I think we should either do that or have Mr. Nollelt summarize each page of his brief rather quickly, otherwise we are going to be here until two in the morning. I do not mind working until two in the morning but we have to catch a plane.

The CHAIRMAN: Is this agreeable, Mr. Nollelt?

Mr. NOLLETT: It is very agreeable, Mr. Chairman. As a matter of fact, I was going to say that at the middle of page 11, I would be finished, and then we could take the rest of it as read. If it is the wish of the committee, I will not even go that far.

The CHAIRMAN: What is the feeling of the committee?

Mr. RAPP: It is a good brief.

Mr. FORBES: Mr. Chairman, I would suggest that we file the brief, as Mr. Horner suggested, and that we do not question him at all. These problems, suggested by Mr. Nollelt, are familiar to all of us. We appreciate the brief. He has probably outlined more things than we could do ourselves. If we have to hear other witnesses, it is going to take some time.

The CHAIRMAN: I think to be fair to Mr. Nollelt, that we should allow him a few minutes to summarize the rest of the brief. We certainly should not consider not questioning him at all. Because it is late in the evening is no excuse at all, as far as I am concerned, because there were not enough members to start this meeting at eight o'clock when it was called.

Mr. LEFEBVRE: The door was locked and we could not get in.

The CHAIRMAN: There were a lot of members who were not here after the door was open. A lot of the members were not even here for part of the day either, as far as that goes. I sat here all day and I am willing to sit here all night, because we have to be fair to every witness that appears before this committee, no matter who they are. We are holding public hearings and we cannot treat one person different than another, as far as I am concerned. I do not see how we can make a difference here. If you can summarize, Mr. Nollelt, please go ahead.

Mr. NOLLETT: Just briefly, the remainder, again, reviews farm prices which I think I pretty well made clear. You all know they have not gone up; as a matter of fact, they have been going the other way.

To make this point again, on page 8 I have set out a table 1, supplied by the farm management department, which is a very interesting revelation as to the per acre cost. This I will leave; I will not comment on it at all. I am also trying to indicate by this that despite the increased acreage the farm income problem is

still there. When you are reading the table figures, remember that these are from the farm management clubs—the best farmers, and the above-average sized farm in the province. I think that is about it, Mr. Chairman, on that part.

The remainder of the brief is devoted to some suggestions and guidelines for what might be a realistic farm policy. I will not even comment on them at all. Take them back and read them; if you think they have any merit, perhaps some time, when you are studying major farm problems again, perhaps at a federal provincial conference, you could take another look at them. I am only hopeful now that some of these suggestions are worthy of study and your attention.

Mr. MCKINLEY: Mr. Chairman, as Mr. Forbes has said, what we have been over so far are problems that we are mostly aware of. Could Mr. Nollett summarize, in a short period, some of the ideas he has that would solve some of these problems.

Mr. NOLLETT: You will find them summarized. But, in general, the approach would be this. I have had a lot to do with agriculture. I have seen acreage payments, PFAA snow bonuses—very difficult to administrate and very unfair. So, under this proposal, I suggest that we look at the agriculture industry as a whole and that we assume that we have to put enough money in this industry to enable it to pay its total cost, including tax and everything else. Obviously, the only manner in which this can be done, in the case of self-employed farmers, is to utilize the price mechanism. Price is merely a mechanism to an end. In the final end, income is determined. I am suggesting that this so-called parity price that has bugged a lot of economists should really be based on the total current cost of the industry as a whole and then the prices determined on that basis, beginning with the basic field crops like wheat, oats, barley and so on, and then that the prices for other farm commodities be related. The same with fruit growers; let it be on a long-term yield basis, so that you would have in your price a built-in factor that would take care of crop failure years. We cannot stop there. We have to build up an income stabilization fund to take care of loss of income because of crop failures. May I suggest that people having their arms taken off on the farm should receive the equivalent of workmen's compensation; minimum income based on family farm needs. This is the idea; you would make deductions from the price at the time of marketing and the larger operators, using the principle of the income tax, could contribute more to this fund. This fund would then be useful to cover the whole field of income and guaranteed income. I suggest here that even this crop insurance is a misnomer; it is income insurance that people want. The proposal here is to build this all into one comprehensive marketing and farm income policy for Canada.

Now here is a suggestion some of you may take exception to. I believe that the government must assume the responsibility for fixed prices. There would be no interference with the present channels of marketing. No doubt the increased cost passed on to the consumer, even though we cut down on the spread between the farmer and the consumer, would be very, very substantial, and consumer subsidies would be involved. It is in these areas that much more study needs to be done.

My basic argument is that this would raise the value of the gross national product for agriculture, as it should. It would be in line with other value

measurements and this would give all levels of government more income and greater stability. This is the general idea you will get as you read the paper. This is the idea in general.

The CHAIRMAN: Thank you, Mr. Nollett. The first member who has intimate knowledge has some questions is Mr. Olson, and Mr. Horner is next.

Mr. OLSON: Mr. Chairman, this is a rather long and detailed brief, outlining certain ideas about what the problems in agriculture are and some suggestions as to how to meet them and solve them.

Mr. Nollett, I do not want you to misunderstand me, but I am at a loss to understand what you are advocating here. For example, you are concerned about the exodus of people, the depopulation of the farms; yet, if there are enough people on the farms in Saskatchewan now to produce all that the market demands and these people who are now on these farms have an income that is so low, I fail to follow your reasoning for wanting more people on farms in Saskatchewan.

Mr. NOLLETT: My reasoning here is that it is drying up, as I mention later on in the brief, community life in rural areas. Now it is tending to concentrate our populations chiefly in the large centres and it is creating undesirable social problems. The question we all ask ourselves is: Where does it stop? Where will we wind up, with 30,000 farms or 5,000? What will happen to community services? The people tell me, businessmen in the small towns tell me—and I think members will support this—that you cannot get credit, for instance, if you want to buy a drugstore in a little town. These are the sort of problems. I am suggesting here that we reverse this trend in the direction of providing more employment opportunities, and by favourable economic factors discourage the trend and need for larger and larger farms, and increase, nostalgic as it may be, the family farm concept, which I believe in. This is the one area of individual private enterprise I still think is good.

Mr. OLSON: I had no disagreement with you, that all of these problems are present and will be there, but where I fail to follow you is when you say you would like to have more people on the farms and then there would be a further watering down or spreading out of the income that goes to the farmers now. Would you not have more people in this low income area?

Mr. NOLLETT: That is why I am proposing price-fixing policy. My argument here is that we have to give them more income. Mr. Olson, there is a new concept which is interesting that we should look at. I do not think the size of farms ought to necessarily be dependent upon economic factors but labour inputs for optimum production. I agree with you in respect of this so-called fear of over-production. My whole basic idea behind this is that the markets are there, they should be developed, and rather than restrict production we should give incentive prices and get more people farming more intensively to produce more. My argument here is that we have to produce more if we are to progress. This applies to agriculture the same as it applies to all our industry or the South Sask Dam. We have to produce to progress. Agriculture has not been getting that stimulus.



Mr. OLSON: Along with this increased production surely there would have to be a better price relationship between the farmers receipts and the other area. Then you say on page 14:

I feel that as a basic tenet or principle that the Canadian consumer of food either directly through prices or indirectly through fiscal policy has an obligation to ensure a thriving and healthy farm economy.

Does this paragraph mean that you are advocating that the consumer price of food is too low and that it should be increased because you say that the consumers of food should be prepared to maintain a healthy farm economy. Surely this means higher prices for food.

Mr. NOLLETT: Well, we know that prices have been escalating without any encouragement. My suggestion here is that this would increase prices from what they are now but as an offset, for the benefit of low-income consumers, there should be a consumer subsidy. I am led to this because I have heard this criticism so often from people who do not know that the farmer is getting hand-outs, and this sort of thing. Here, I am saying, in effect, to consumers: You can object if farmers get what they ought to get in order to stay in business like everybody else, but if subsidies are required let them be consumer subsidies rather than what is termed the so-called hand-outs to agriculture.

Mr. OLSON: I agree with you that the farmers would like to have their receipts come from the selling price of what they sell rather than to have this stigma of subsidies attached to them, but to reach the objective you are suggesting here by guaranteed income and so on on the other pages of your brief, and in keeping with the farmers desire surely this means there should be more of the consumer's money go into food. Does it not in the long run? This is what you are saying.

Mr. NOLLETT: Not necessarily. My argument has been, as the situation is now, that the farmer is not getting his fair share of the consumers' dollar. With the advent of many things that go to make modern society, including TV and Skidoos and boats, actually the farmer, by taking low prices to the point of driving himself off the land, has subsidized the so-called luxury items. This is what I object to. I think the farmer should come up to an equal status; and because food is food, if subsidies are required, they should be consumer subsidies. I agree that some countries, like Great Britain, do pay a substantial consumer subsidy.

Mr. SCHREYER: Mr. Chairman, on a point of order, I would suggest to you, Mr. Chairman, that by ten o'clock, if we have not finished the questioning, that we ask, in all fairness that the representatives of the Saskatchewan Farmers' Union present their brief. Later, if it is the wish of the committee to pursue the present line of questioning, we should call these gentlemen back. I think, by 10 o'clock, we certainly should call on the Farmers Union people.

The CHAIRMAN: Is the committee in agreement with this?

Mr. CLERMONT: No, Mr. Chairman. Personally, I would prefer that we finish with this group, even if we have to stay here longer to hear the other briefs. I think you said, Mr. Chairman, in reference to this group and the other group, that if we have to sit longer hours we will. That is my opinion.

The CHAIRMAN: Mr. Olson, have you completed your line of question?

Mr. OLSON: No, Mr. Chairman, I am not, but if you would put my name down at the bottom of the list I will pass for now.

Mr. HORNER (*Acadia*): Mr. Nollett, you deal in your brief with pricing and you suggested, as I understood your answers to Mr. Olson, a system of raised prices through a system of consumer subsidies. We in Canada know that in respect of agriculture, the livestock industry, the wheat and cereal products industry, are in competition with the world. Would we not, under your system, have a tendency to build up a false economy and drift far away from actual world competition? Would there not be this danger?

Mr. NOLLETT: There is always that possibility but again, I point to the fact that the non-farm sector does not have that problem for machinery and what have you; they readily find markets for their products on the world market.

Mr. HORNER (*Acadia*): I do not think Studebaker Corporation would agree with you or some of the others that have gone broke.

Mr. NOLLETT: I feel, as I mention it in the brief, that what most of these underdeveloped countries want is credit. They are not as concerned about prices as they are about credit and money to buy our goods, particularly our food. There is no doubt that Canadian farmers have been producing food cheaply, as you all know. What is wheat to the farmer in Turkey; I think it is \$2.55 a bushel, and bread is 8 cents a loaf there.

Mr. HORNER (*Acadia*): I agree in a sense but you do accept the feasibility of danger for us to drift away from world competition?

Mr. Nollett, do you not think a great deal of the solution to Canadian agriculture lies in a greater diversification. For example, let us go back to the early '50s here in Saskatchewan. We found that wheat was a product for which there was little demand. There was a great demand but apparently our sellers could not locate it. However, when things changed and a new seller took over, we sold it. But Saskatchewan diversified in those years. Saskatchewan went into rapeseed; Saskatchewan went into livestock; Saskatchewan went into hogs to a greater extent. I look at that map over there and I see 4,000 acres of land around the South Saskatchewan Dam. Now, for example, do you not think that corn, to an extent, could be grown with the warm, hot summers in Saskatchewan, with even longer growing seasons than we have in southern Alberta? I just throw that out as one product that could fill a real vacuum in the livestock industry and feeds industry generally. I am thinking in terms of three hundred bushels an acre of corn, for example, and soy-beans. We are importing a lot of soy-beans; we are importing a lot of corn. We are importing to the tune of something like \$800 million worth of agricultural products. Do you not think that our farmers—our small farms, should be directed and given leadership to produce goods that would fill a real vacuum. Manitoba is a good example. Manitoba has diversified its agriculture to a large extent, and this has aided their agriculture industry immensely. Do you not think that to intensify farming rather than removing ourselves from actual competition in the world, is a better or more plausible solution to the smaller farms problems?

Mr. NOLLETT: I agree with you and I am a staunch advocate of diversification. This is all to the good. If we were permitted or encouraged in an economic sense to diversify, we could provide much more employment on the land and get more productivity from a given acre of land. I agree with this, but what bugs me is that in all my period as Minister of agriculture, we would send the ag reps out, the farm management people, who would say: Get into hogs. You can talk to a farmer until you are blue in the face about the merits of going into pigs unless they are paid. This is why I am arguing here for fixed prices—prices, for instance, of livestock, dairy and poultry products in line with the costs of feed grain. This would give your extensionists a wonderful arm and an encouragement to farmers to diversify. You see what I mean? I am all for balanced agricultural production and I think we have to provide the encouraging economic factors to achieve that because extension alone cannot do it.

Mr. HORNER (*Acadia*): Once you give a farmer a guaranteed income on a given product then you are going to get lots of that product.

Mr. NOLLETT: I agree with you. We proved that with hog production. I am saying prices should be kept relative. You know the old hog-barley ratio? This is what I am getting at.

Mr. HORNER (*Acadia*): I will forgo any further questions right now, Mr. Chairman.

Mr. MCKINLEY: Mr. Nollett, there are some farmers in Saskatchewan that are quite prosperous and seem to be making the kind of living you would like everyone to make. I would like to hear the differences between those farmers and the ones that are not making the kind of living we would like to see them all making?

Mr. NOLLETT: There are various factors—usually more favourable circumstances because of climate, soil and managerial ability, too, but this is not the all-important factor. Good fortune over the years, too, and sickness of the family and so on all bears on the success of farming. This is chiefly it. But I do not think we can go out with that preachment, and say, here is a good farmer, we will honour him, we will make him a master farmer and all you other guys do like he does. I think we, first of all, need to provide the economic opportunity and then carry on the extension of good farm management and so on. In the plan I have there is no premium on inefficiency. Efficiency will be required.

Mr. CLERMONT: Mr. Nollett, if I understood you, you mentioned that your government should control prices. No doubt you had in mind the federal government?

Mr. NOLLETT: Yes.

Mr. CLERMONT: You mentioned controlled prices. Have you something in mind like they have in England? Are you thinking in terms of putting a freeze on salaries too?

Mr. NOLLETT: No, I was dealing here with agriculture. I was saying that the prices would be based on the amount of income that the industry in total requires to meet its total obligations. Then you look at the industry and you say: Well here are 500,000 or 600,000 farm units in Saskatchewan. Some are big and



Some are little, and there are some in good soil zones, some in suitable climate and some not. But you arrive at a price in respect of your field grains and so on, based on long-term average yield. You pay it out, you make very substantial deductions for a stabilization fund. It is a sort of a transfer of income payment within the industry to take care of crop failures due to various factors and this sort of thing.

The only place where some control may be inevitable is in this regard. Assuming the federal government pays consumer subsidies. Then, any government expending public money for that purpose would have a responsibility of safeguarding what is taking place between the farmer and the consumer to see that advantage was not taken of the subsidy by the processors, distributors and so on. We have this in the milk control boards.

Mr. CLERMONT: The fixed price is for the consumer. Mr. Nollett, say, for instance, that a large percentage of the production from Saskatchewan is sold on the world markets. How can the federal government fix prices for the produce which would be sold on the world market?

Mr. NOLLETT: There is a strong advocacy of a two-price system, as far as wheat is concerned. I agree that we should make the best deals we can, even if Canada did so unilaterally, better still, through the United Nations which ought to be its proper function. If this could not get you the price required, maybe then under that circumstance a two-price system might not be a bad thing.

A lot of these are good questions and I hope you will look at them. I kind of think that this approach that I am suggesting is pretty fundamental and basic. There will have to be some variations and it cannot all be done at once. But I think this is the objective we ought to work for.

Mr. CLERMONT: To meet the absolute price of the producer, have you any price in mind for the world market? In Calgary an increase of 50 cents per bushel was mentioned. If my memory serves me well, another witness mentioned 40 cents and in another case 60 cents was mentioned. Would you have any objection to commenting on what the world price for wheat should be?

Mr. NOLLETT: The world price, or what should be our price for wheat on the basis of the present costs? I cannot tell you just like that but you can work it out yourself, if you look at the table on the last page, take a look at the income that Saskatchewan farmers require and then determine what percentage of our production is wheat. From that you get a pretty good idea of what the price of wheat would be. For instance 1963 was one of our best years. On a surplus or deficit basis we had a surplus of \$46 million. Then the next year, which was a good year, 18 bushels, we had a deficit of our Saskatchewan farms of about \$180 million. Then in 1965, which was a good year too, we had a deficit of \$21 million in our operation of farms in Saskatchewan. Now this should give you some idea. I have not the figures, but you hear a lot of people say wheat ought to be \$2.75 a bushel. We do not know. The only way to find out is to measure it on the basis of statistics that are available—that is, the cost inputs in respect of the industry as a whole, and then determine what the price should be, based on long-term average years.

Mr. CLERMONT: Mr. Chairman, I do not want to doubt your figures, Mr. Nollett, but at page 8 you mention a cost per acre of \$30.95, \$31.26 and \$32.08,

but today we were given different costs per acre. In one case it was \$20 and in another case \$22. Where is the spread coming in?

Mr. NOLLETT: I do not know if the figures you are quoting include all of these factors that are in this acreage cost study. These are based on Dominion Bureau of Statistics figures, acknowledged by the Canada Department of Agriculture. They include everything, as you see. There were 51 farm management clubs in the brown soil zone, 44 in the dark brown and 61 in the black soil zone. We have three major soil zones and there is some variation between each in per acre costs. Then they figured out the acres for crop land and, as you may have noticed, the cost per seeded acre, labour, machinery, custom work, profits and expenses. I do not know if the other figures you are speaking of took that into consideration or if they were based on the brown soil zone only. I do not know.

Mr. CLERMONT: Mr. Chairman, I understand Mr. Nollett is a former minister of agriculture so perhaps he could explain what is the difference between a farm and a farm club?

Mr. NOLLETT: These are farmers who have joined farm management clubs. This is part of the extension arm of the Department of Agriculture. Very close records are kept by these clubs under the guidance of a farm management supervisor. Records are kept of their total operations, their costs and this sort of thing. They represent, perhaps, the best farmers we have, from a managerial point of view. These are the ones that were in these clubs and this was a sample from some of these.

Mr. WATSON (*Assiniboia*): Mr. Chairman, I have one short question, with a little supplementary to follow. On the fixed prices, Mr. Nollett, I wonder if you could explain how you feel that the price mechanism stabilization of these prices by fixing will solve the farm problems?

Mr. NOLLETT: Well, because the prices would be maintained in relationship to total farm cost for the industry. If the index of costs went up then the price of farm commodities should go up correspondingly. Here again, you will probably think what I say is unorthodox, and it probably will be unpopular with some of you. This function can only be performed by the government. No one else can do it. The wheat pool, as an organization cannot; farm organizations cannot; and marketing boards cannot do it. They have not got the fiscal power; they do not have the resources, and I am arguing that if costs go up that some control should be exercised over them if cost to the farmer goes up or, in the alternative, his prices should go up. If it is sauce for the goose it should be sauce for the gander.

Mr. WATSON (*Assiniboia*): Would you advocate putting control on production then?

Mr. NOLLETT: No, I would not. Probably it is just the opposite. This would encourage production. That is why I say, with this plan, we have to really go out and get these markets, and I think they are there. There are a lot of hungry people who are there if we will only get busy and find them.

Mr. JORGENSEN: Mr. Chairman, I should like to pursue the line of questioning that Mr. Olson started. Mr. Nollett, you stated that you would like to see a reversal of the trend in the number of farmers. Do you not think that with



oday's technology—I am thinking particularly of a wheat farmer and the type of machinery that is now available to produce a wheat crop—a reversal of that trend would create a tremendous amount of underemployment in agriculture?

Mr. NOLLETT: No, I do not. The wheat farmer would not be encouraged to diversify to the same extent for instance, the Regina plains is best suited to wheat production; but in other areas diversification would be encouraged, as well as intensification of production. When Mr. Horner said "diversification", I mean it. About the worst thing that could happen to us would be if all our farmers went into wheat. This is the cheapest dang commodity that we can produce for the world and produce it easily in its raw state. If we had more diversification, more processing in Canada and then shipment abroad. I think it would be better for our economy.

Mr. JORGENSEN: Well, Mr. Nollett, this is the point I was making. If, under your plan, a guaranteed income is given to farmers it is only a natural tendency for farmers to want to produce the thing that is easiest for them to produce, and what you are going to find is that everybody will be producing wheat. No farmer, in his right mind, is going to feed stinking pigs if he can raise wheat. That means you are going to have to exercise some degree of control over production. You are going to have to do the very thing you say you do not want to do; you are going to have to tell farmers what they must produce because you cannot avoid it. I do not see how it is possible; under your plan, not to be able to give complete direction and have complete control over production.

Mr. NOLLETT: No. If it is required, I would suggest that we do what we did during the war, when we knew approximately how much bacon and dairy products we needed for Britain. We had these conferences every year, which were valuable. Then we said: This is about what we need, and we used to farm back these quotas. We would say to Saskatchewan farmers: More pigs to help win the war. Do you remember that? We can give some added incentive that way, but my biggest argument is that to get any production going and to stimulate it you have to have guaranteed prices. I am arguing, also, that price manipulation, particularly downward, as I say in this brief, is not an effective way; it is a very clumsy way of controlling production. It is a very cruel way. If you say to the farmer: You have too many pigs, the market drops out of pigs and he is punished. I think we need to get over that concept.

Mr. JORGENSEN: Mr. Chairman, I am not convinced but I will pass.

Mr. DANFORTH: Mr. Chairman, the gentleman is to be commended on going into a new field, which has aroused a great deal of interest in this committee. We are all interested in anything that provides a Utopia for agriculture. I am certain that this new concept, which has been given to the committee tonight, has received a great deal of study. It has not been just produced on the spur of the moment. May I inquire what the thinking is in maintaining a price for farm produce? How are we going to prevent or control importations, taking into consideration the current negotiations going on at GATT right now, to reduce by 50 per cent even the present tariffs? Are we going to be priced into a position where we are going to advocate absolute embargo against importations? Certainly if we do, as has been pointed out by Mr. Jorgenson, Mr. Horner and Mr. Olson, set up what we consider a remunerative price for farm products, we are



certainly going to create a very lucrative market for importations. I wonder if you could give the committee your thinking as to how this very basic problem might be approached?

Mr. NOLLETT: This is true. In other words, you might encourage more mutton than we have ever had from New Zealand, for instance. But I do not think we should use the tariff technique. I think we should simply use quotas, like many countries are doing, particularly our neighbours to the South. They tell us every once in a while: we can only take so much of your barley or so much of your cattle. I think this is what we ought to do rather than monkeying with tariffs or tax because we have enough of that in Canada. Everyone will understand. We have enough. We do not want any more. My answer would be just do not have it come in, and that is all. With regard to mutton and lamb, as you know, we had a lot of sheep at one time. Canada was furnishing all but about 10 per cent of our needs. Gradually, over the years, even though we had a scarce market, a tremendous demand, mutton and lamb came in from New Zealand and Australia in increasing quantities and undersold us—and, our prices were low and we had a scarcity. You know, if this law of supply and demand works, the price of lamb and cattle should have been way up. However, it did not work that way. But you are dead right; we have to see to it that other segments of our industry do not get punished, as our sheep industry did, by this kind of importation. I think we would have to use some quotas.

Mr. DANFORTH: I just have one supplementary and then I will pass because I know there are other members who are vitally interested. What would be our position when you say that we should, perhaps, step away from the tariff protection and go into a quota section? What position would we be placed in, and I am using an extreme example, I think you will appreciate, if China says to us in negotiation: Unless you accept 300,000 units of automobiles from us we will have to cut back on our purchase by 50 million bushels of Canadian grain. How would we approach such a question?

Mr. NOLLETT: Like we do now. We are in that position right now, no matter what. These problems will arise; they will. They are some of the things that need to be ironed out. About this being Utopia, I freely admit you cannot bring about a Utopia; you cannot bring about a perfect and equitable distribution of income. The best way I know is to pay people for doing something and try to make a reasonably good redistribution. I readily admit there are lots of problems both in the export field and what have you, but I do believe that if we set ourselves on this course at least we are on sound ground.

The CHAIRMAN: Those are all the questioners I have on the list.

Mr. FORBES: I have just one question, Mr. Chairman.

The CHAIRMAN: Mr. Cadieu has had his hand up for several minutes but I did not have his name on the list.

Mr. CADIEU (*Meadow Lake*): Mr. Chairman, I just wanted to draw your attention to the other two witnesses we have at the table. When they knew we were coming to Saskatchewan they were not sure that we were just dealing strictly with wheat and agriculture. We are also the forestry committee. These gentlemen had gone to a considerable amount of work preparing a brief. I would

ust like to ask, with your permission, that they be allowed to present this brief to the committee. They have put a lot of work into this brief, and I am sure it would be very valuable when we do get into forestry back in Ottawa.

The CHAIRMAN: Are you suggesting that the brief be gone over?

Mr. CADIEU (*Meadow Lake*): No. In view of the lateness of the hour and the other witnesses yet to appear, I think these gentlemen would be quite happy if, with your permission, they were allowed to present this brief to the committee?

Mr. BROCKELBANK: Without reading it and without comment. Is that what you mean?

Mr. CADIEU (*Meadow Lake*): No. I am sure the committee would like to hear your comments on it, but in view of the late hour, I would certainly hope we could move along.

Mr. BROCKELBANK: Well, we are in your hands.

The CHAIRMAN: Is the committee agreed to this?

Mr. SCHREYER: I would like to suggest that we have the brief either mailed to the committee at Ottawa or have a motion now to append it to the minutes of proceedings and evidence.

The CHAIRMAN: I think the witnesses realize that we have no authority to report to the house on forestry because we are supposed to be acting strictly on the operations of the wheat board. We have wandered all over the field. I would think it would be in order to have it printed as an appendix to our proceedings and accepted as that. We can certainly use it. I read it over just briefly while sitting here; there is a lot of worthwhile information in it. Is the committee agreed?

Some hon. MEMBERS: Agreed.

Mr. CADIEU (*Meadow Lake*): I think it would be a worthwhile appendix.

Mr. E. I. KRAMER (*M.L.A., Saskatchewan*): May I just make one suggestion that will take me only one minute, Mr. Chairman. I simply want to say that you have copies in French. Incidentally, the translation was done by Reverend Father Marchildon so, with your attention, it will be doubly blessed. I would like to draw your attention to the last sheet. Many of you, no doubt, think we are a province of dustbowls and so on, but we are not. The northern half carries quite a lot of forest. There are areas, we believe, in respect of which the federal government can co-operate and should co-operate. You will find them in item No. 1 and especially No. 5 in research. Please give it your attention. I would recommend it. We were fortunate to have Mr. Cadieu, our M.P., here. A great deal of his constituency is covered with this forest. I hope Mr. Cadieu will take this brief and later on in committee at Ottawa possibly he will answer some questions. I would like you to carry the ball for us, Bert, if you would, knowing you are familiar with the problems.

Mr. CADIEU (*Meadow Lake*): I would be very happy to.

Mr. KRAMER: Thank you very much, Mr. Chairman and members of the Committee.

The CHAIRMAN: We will now proceed with our next witnesses. Our next witnesses are Mr. Roy Atkinson, President of the National Farmers Union and Mr. Thiessen, Secretary Treasurer. Most of you have met both these gentlemen before in the House of Commons committee at Ottawa or some other committee because they are very active. You may proceed, Mr. Atkinson.

Mr. ROY ATKINSON (*President, National Farmers Union*): Mr. Chairman, gentlemen of the House of Commons Committee on Agriculture, Forestry and Rural Development, and other participants, I wonder if before we proceed with this presentation, which I will synopsise as quickly as possible in order that we can get into the discussion area, knowing that the mind will only absorb what the seat will endure, if the committee would like to stand up and stretch for a few moments?

The CHAIRMAN: Medical science says that if a man sits down too long his brain does not work very well.

A short recess was taken.

Upon resuming.

The CHAIRMAN: I will call the meeting back to order, gentlemen.

Mr. ATKINSON: Gentlemen, let me first of all welcome you to the province of Saskatchewan. The welcome is from the farmers union, the National Farmers Union and the Saskatchewan Farmers Union in particular. We would particularly like to welcome back the members from Saskatchewan, Mr. Reynold Rapp, a former officer of the farmers union, and other members.

Our submission is presented on behalf of the farmers who are members of the National Farmers Union. We have no corporate image to maintain. We do not have large buildings which symbolize what we do. But we do have members who are active farmers, and those active farmers are interested in their own business.

May I give you a bit of the background of the Farm Union movement, I know that you have visited elevators, a farm distribution centre, stockyards, and terminal elevators. These institutions that you have witnessed are a result of the action taken by the farmers through the movement I represent. We have a long history, which I will not go into. It is put down for your information in the introduction to this presentation. Our function is education on behalf of the farmer. Our function is agitation and our function is protection. We have no vested commercial interest. We have no political interest. Our interest is solely policy relative to the farmer on the land.

We have been told a good deal about efficiency. Many people from governments, from commercial institutions and from universities have impressed upon the farmer the necessity of being efficient. We have no quarrel with this proposition provided the people who provide the services that farmers buy are efficient also; in other words, that the providers of the service are giving the farmer a dollars worth of value.

I must also state that in this province the farmers union was the initiator of the largest retail farm supply co-operative in Canada, the federated co-operatives. Probably you have seen some of their outlets; they retail farm supplies and other commodities which sometimes are referred to as consumer goods. We are also interested in efficiencies in the transportation system. We are interested in



the kind of technological development that is going on in terms of ocean shipping around the world. There used to be an old saying in this province that the only thing a farmer needed to know was the way to town, and the businessman would look after him. We think that some businessmen still believe this old adage to be true.

In your various activities this week, it might be appropriate to review some of the problems that are quickly descending on the farm front, as we see them, in terms of the present over-all grain handling and marketing situation, as it presently affects agricultural producers and the nature of the possible future trends.

There has been a very significant increase in farm capitalization in prairie agriculture. Mechanization over the past 20 years has replaced much farm labour. Prairie grains in general and wheat in particular are sold on the world market at world market prices and for this reason the prairie grain producer's ability to remain in business is geared to his productive ability, his ability to acquire large inputs of capital and to receive a price for his product sufficiently remunerative to remain in business. He must be as efficient as every other foreign producer and in many instances he must be more efficient because he is meeting the competition of much of the subsidized materials produced in other countries similar to that which he produces in this country.

We also, of course, work in terms of the international marketing of grain under the international wheat agreement, and we are presenting negotiating under the general agreement on tariffs and trade.

Recently, there has been a new development. In order to be a loyal Canadian a grain farmer must use more fertilizers and more chemicals and this is the sales pitch to the farmer. We encourage our people to use the most modern of scientific methods but we fear that there is a vested interest more concerned in selling chemicals and fertilizers than there is in the welfare of the farmer. We feel that some moderation should be used in this approach. In short then, modernization and re-organization of prairie grain production has proceeded at a relatively rapid rate in the past 20 years compared with other segments of industry related to the handling and marketing of grain, such as our country elevator system or our rail transportation system. The inefficiencies in these systems are becoming increasingly more costly to the primary producer.

As a consequence, because there is a heavy duplication of country elevator facilities at numerous delivery points, it is fairly obvious that many of these facilities are not handling sufficient volume of grain to operate at a profit for their owners. This can only mean that the tariff structure covering the entire system must be large enough to pay operators a profit on the operations of the total system to cover the losses that accrue to the low-volume facilities. We have been examining this question and on the basis of data we have received from the Board of Grain Commissioners, we find that a general rule of thumb, within the grain trade of previous years at the country elevator level, is that it must have an annual turnover of its capacity of three and one half times per annum to have an average storage of approximately 45 to 50 per cent of its total volume at all times in order to break even.

This is a general broad position and may vary from elevator to elevator according to the capacity situation. It does, nevertheless, take on considerable

significance when considered in the light of the following breakdown of the country elevator handling pattern in the 1964-65 crop year. Remember, there are 1,895 delivery points on the prairies, with approximately 5,200 elevators.

At the present time there are 233 prairie shipping points at which there are five or more elevators. This numerical count is not necessarily in itself proof of uneconomic duplication; there are ten major country elevator companies and allowing for the provincial segregation of the individual Pools, we could justifiably have eight companies represented at any point. However, a further examination of these high density points does suggest that they may be over-serviced. These 233 points involve some 1,322 elevators with a total capacity of 116.7 million bushels but an average aggregate annual handling of only 157.5 million bushels. This yearly volume represents a capacity turnover of only 1.3 times.

There are only 135 shipping points at which the average annual turnover ratio is 3 to 1 or better.

There are still 117 points at which the handling ratio is less than 1 to 1 or, in other words, where the storage capacity is not completely turned over in 12 months.

There are 575 points at which more than one company is trying to achieve an economic operation on their share of less than 300,000 bushels of business annually. Again this does not necessarily imply an uneconomic operation at all or any one point; two 50,000 bushel elevators might be a sound operating arrangement if they each handled 150,000 bushels per year.

The preceding four paragraphs illustrate the pressing need for the introduction of more orderly planning in the construction of country elevator facilities on the prairies. It raises serious doubts as to the advisability of permitting elevator companies to construct facilities at will in various delivery points and raises the need for greater planning of location in the construction of future facilities.

The congestion of country elevators because of poor markets and low quotas following the post-war years and the early 1950's, resulted in a tremendous expansion of grain elevator storage facilities, and I might add much of it temporary. It has, in large measure, been a duplication of the storage facilities required in any event to be built by the individual farmer. This has proven to be a lucrative form of income for elevator companies as both government and farmer expense.

Only recently have railway companies shown any indications of changing the design of railway boxcars enabling them to be more economically and speedily loaded than the conventional types.

The imminent threat of the unprotected branch line abandonment in many areas will place still greater pressures for increased marketing costs on farmers. Many of the so-called uneconomic rail branch lines are, we believe, largely uneconomic because of the failure of railway companies to upgrade their own operations. Pressures will continue from elevator companies for higher tariffs to cover losses which may result to them through abandoned houses and the need for increased capital to build new and larger facilities on remaining lines. Many thousands of farmers will be affected through being required to haul grain to delivery points many miles further than has been the case traditionally. Farmers will be further affected through increased municipal tax assessments for upgrad-



ng rural road systems which will be required to withstand the weight of heavier and larger vehicles which will be needed to haul the grain greater distances.

The farmer, in short, is going to bear a major share of the cost burden in updating grain handling and transportation facilities.

Terminal facilities at both the west coast and the lakehead are probably becoming obsolete more rapidly than we may realize in light of the future possibilities which exist for the rapid movement of grain through the use of such devices as integral trains and bulk loading facilities, even if employed on a modified basis.

It is possible that your group may have viewed bulk loading facilities in use at the Port of Vancouver for the movement of such bulk commodities as potash, sulphur, iron ores, zinc, copper and so on.

The major blocks to the adoption of a bulk loading system for the movement of prairie grain is the cleaning process of the grain itself.

I might hasten to add the type of house that would expedite this kind of movement. I might say that we are still building the same pattern of house that we built 40 years ago except that it may have increased a little in size. Basically, the design has not changed. It has been suggested that inland government terminals, such as the ones located in Edmonton, Lethbridge, Moose Jaw and Saskatoon, might be modified by the installation of delivery facilities direct from the farm and employed as direct grain delivery houses by the producers or the grain farmer. Here grain could be cleaned to export standards for rapid loading into hopper cars and shipped either east or west for loading into ocean-going vessels through the rapid loading methods of bulk terminal facilities. This concept is a far cry from the present multi-stage system applied to the handling, storage and movement of prairie grain.

We would suggest that the four terminals mentioned above remain under the management of the Board of grain Commissioners; that the producers assign their deliveries to the account of the elevator company of their choice and that they be used rather than left idle. I would suggest this is an excellent experiment that ought to be carried on to test the validity of the proposition that we place before you.

We would suggest that these elevators remain under the management of the Board of Grain Commissioners, and I want to emphasize that. Another alternative that we should consider, we believe, is the joint construction of much larger houses than presently exist at delivery points, under any reconstruction program. I suggest joint construction by many elevator companies to reduce the costs of operation, in the interest of the farmer. We do this, for example, in Western Canada with livestock terminal markets. You can consign your beef to the agent of your preference. We might consider this, too, with regard to grain.

With this type of facility, grain could be cleaned to export standards, thereby saving the farmer the cost of shipping screenings to the Lakehead or to the west coast. It seems to me that every 1,000 carloads contain 60 carloads of screenings or something like that. It would further speed up the loading of vessels at ports, and I think this is important, especially when we think of the volume of material that is running through a port like Vancouver.



There is no doubt the cost of modernizing the grain handling system will be extracted in the long run from the producer himself. However, it is our view that care should be taken to avoid the pitfalls of the past which have permitted the costly over-expansion of grain handling facilities. The injection of proper planning into the future structure of our grain handling and transportation system cannot be over-emphasized, and this is an area in which government has a legitimate interest in providing guidance.

I suppose that in your trip west you found that the Canadian Wheat Board is an agency that finds genuine support in the farming community. We have had this year the largest record crop on record. We have successfully negotiated new sales contracts with the USSR, the People's Republic of China, our traditional markets and we are developing markets around the world. You may notice I use the word "we"; it is in these terms the farmer thinks when he considers the Canadian Wheat Board. It is his agency and he is a part of it. Wheat no doubt will continue to enjoy the position of a top foreign exchange earning commodity for at least the foreseeable future. Prairie grain growers have just recently received their settlement for the 1965-66 crop year. It is the largest final payment on record and producers would be the first to concede that the marketing skills of the Canadian Wheat Board are largely responsible for this fine marketing record.

We would request that this committee, in reviewing the legislation pertaining to the Canadian Wheat Board, press to have the Canadian Wheat Board established on a permanent basis—that is, that the legislation be made permanent, and it should be responsible for export and domestic marketing. We also suggest to you that further grains, rapeseed, flax and rye be brought under the board. We think there are great advantages, for example, in developing markets around the world and having these commodities in a manageable position. We think it important that we develop sufficient volumes of these commodities to guarantee our customers future delivery on a long-term basis. We do know there are some problems related to flax and rapeseed which would require technical people to be attached to the board, but we think the effort would be worthwhile.

I notice that the initial price of wheat has been brought up before this committee. We raised this with the government, with the various agencies early in 1966, and we are suggesting that the initial price, basis Fort William-Port Arthur, of No. 1 be increased from \$1.50 to \$1.75.

In respect of the international wheat agreement which is presently being negotiated under the general agreement on tariffs and trades with a view to establishing a cereals agreement, I notice a typographical error; \$2.12½ should read \$2.02½. Our organization, of course, has been a long time supporter of international commodity agreements and we would urge the negotiators and this committee to press to have the new ceiling of the agreement established at \$2.50 bushel, basis Fort William-Port Arthur.

As I said in my opening statement, we have dealt with the two major commodities of Canada. The next major commodity is the matter of dairying. We place before you the position of the dairy industry in Canada, the farmer in particular. We note the sharp decline in dairy herds. The number of cattle is now at its lowest level in the past 46 years. It has declined 86,000 head from 1965. All provinces with the exception of Quebec, shared in the reduction, which averaged

per cent in the prairie provinces, 6 per cent in the maritimes; in British Columbia the decline was 2 per cent and it was 3 per cent in Ontario. In 1966, farms in Quebec and Ontario were reported to have 71 per cent of the national dairy herd, and produced a similar proportion of milk.

It is clear that the decline in national milk production is largely due to the delay of the federal government in providing an adequate level of prices to producers for manufacturing milk which would compensate for the rapidly rising costs of production.

The dilemma of the manufacturing milk producer rests in part at least in the fact that his standards of production and his capitalization costs have been rising steadily while prices he received have not kept pace with pressures to improve his efficiency. The entire dairy business is highly complicated and is fragmented by jurisdictional questions, federal-provincial matters. For example, fluid milk falls into provincial jurisdiction governed by a provincial marketing control agencies. We believe that there should be some rationalization of these matters. We propose to you the consideration of provincial milk marketing agencies to operate under the national dairy commission for the purposes of regulating production, pricing and distribution of dairy products, with the objective of pooling all classifications of milk to realize a blended milk price to all producers.

We believe that one of the first actions of the Dairy Commission should be to increase the price of all quality milk used in other than the fluid milk market to a level that will net the producer a price of \$5 per cwt., with corresponding prices applicable to farm-separated cream.

The new Dairy Commission will be in an ideal position to assist the federal government in implementing food aid programs to needy countries in that it will be able to assist in planning the production of dairy products in Canada on a continuing basis for this purpose.

We are, of course, aware of the reported statements of the Minister of Agriculture at the recent Dairy Farmers of Canada Annual Convention in Winnipeg. He emphasized that dairy farmers cannot expect an increase in direct subsidies for the coming year and that any moves to assist the dairy farmer cannot be based in the coming year on more money from the taxpayer's pocket.

May we merely observe at this time that increased prices in dairy products which result from supply shortages might in future come out of the pockets of taxpayers in their role as consumers in perhaps larger quantities or larger amounts than would be the case if a sound, stabilized dairy industry is established with adequate federal government financing by way of consumer subsidy.

The federal government must not forget that it holds far greater sway over the future economic destiny of agricultural producers than it does over those segments of our economy that contribute to the rising cost of farm production.

It should not, therefore, demand more from agricultural producers than it demands from such other segments in our economy. I suppose one might make the case in point of machine companies that are now largely based in the United States.

The next matter we want to bring to your attention is the matter of the St. Lawrence Seaway and the proposal of the Authority to increase tolls and lockage

fees. We have documented here the costs involved. We have placed our argument before you. We recommend to you that toll rates on bulk and general cargo passing through the St. Lawrence Seaway remain unchanged; that the Welland Canal remain as to toll-free passage for all bulk and general cargo vessels, and that the federal government continued to subsidize the Seaway operation until such time as volume of traffic is able to make the Seaway self-sufficient. I think it is significant that in the last couple of years there has been a sharp increase in the volume of commodities moving through the Seaway. All of which is respectfully submitted, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. Atkinson. The first name on my list is that of Mr. Lefebvre.

Mr. LEFEBVRE: Mr. Chairman, I will try to be as brief as possible because I noticed that you were getting kind of cranky a while ago. On page 10 you mention the inland terminals which could be used for cleaning grain and getting it ready for direct shipment into ocean-going vessels. We visited one of these inland terminals this morning; apparently, it is known locally as a white elephant because it is hardly ever in use. I, and some of the other members also, I imagine, mentioned this. Why could it not be used just for this purpose? I think there were representatives of the Saskatchewan Wheat Pool there this morning, and they said the main reason for this was the difficulty in programming cars that far away from the vessel. Would you enlarge on this and give us your opinion on this problem?

Mr. ATKINSON: There is some problem related to the programming of cars in terms of the general standards of quality of grain moving out, but I do not believe this is an insurmountable obstacle.

Mr. LEFEBVRE: Has any research into this been undertaken by your organization or any others to see if it is feasible or not?

Mr. ATKINSON: We have not undertaken any specific research on the matter; I am not aware that other people are doing research although I am aware that other people are interested. I might point out, in discussing this with you, that if you were to program only out of one elevator it might be a problem. But, it seems to me the range of choice is large enough, if we were to employ all the inland terminals, that this would make a major contribution to resolving this problem. Again, as I stated earlier, we would look upon this as an experiment to decide whether or not it is practical.

There is another kind of thing to consider, I suppose. It is that there are in stock, in some of the terminals, various grades and qualities of grain. Let us use wheat in particular. It seems to me there could be a way of programming a blending of this material to the satisfaction of everybody.

Mr. LEFEBVRE: You said that there would be 60 cars of screenings out of 1,000. Is that correct?

Mr. ATKINSON: This has been reported.

Mr. LEFEBVRE: Would it offset the cost of the 6½ cent stopover charge which would be incurred?

Mr. ATKINSON: I see the question you are getting at. I think there would have to be some adjustments made here. I think there is no reason for charging



stopover costs because the grain will be delivered direct from the farm to the terminals.

Mr. LEFEBVRE: In other words, you would by-pass the terminal in Vancouver or wherever the port is?

Mr. ATKINSON: You may. This may be worked out. But I think the 6½ cent stopover charge is referring to the country terminal.

Mr. LEFEBVRE: Yes.

Mr. ATKINSON: I am saying that this 6½ cent stopover charge, with some changes in regulation, I think, could be shifted and that that terminal could be used for direct delivery from the farm to the elevator. The 6½ cents now, as I understand it, is paid because the grain is put into the terminal, moved around and then taken back out.

Mr. ASSELIN (*Richmond-Wolfe*): I have a supplementary question, Mr. Chairman.

The CHAIRMAN: If it is agreeable to the questioner?

Mr. LEFEBVRE: Yes, Mr. Chairman.

Mr. ASSELIN (*Richmond-Wolfe*): There was a good point brought up this afternoon. I was wondering what your comment would be concerning pipelines. What would you have to say about that?

Mr. ATKINSON: I would say at this time one of the major problems in pipeline grain is the matter of a lubricant. Again, I am not competent in the field, so anything I say is said just from my own reasoning. I have understood some kind of lubricant would be required. There may be other engineering problems that I am not aware of.

Mr. LEFEBVRE: I would like to jump to page 16 and milk prices. You recommend that the producer receive \$5 net per hundredweight immediately. Last year when it reached \$4—most producers, I understand, are getting \$4—this was a goal that took a long time to achieve. What is it going to be the year after, \$6? Where is the limit?

Mr. ATKINSON: It may very well be. I would say that the limit will come when the decrease in your dairy herds has stabilized, and you can say that the farmers are now working and earning a decent living. For example, I talked to a dairy farmer in Winnipeg yesterday. He is delivering into the fluid milk shed at Winnipeg. As I understand it, he is getting \$5.85 a hundred for fluid milk. On the basis of the cost accounting he keeps, he is netting 72 cents an hour.

Mr. LEFEBVRE: I would refer to one more statement having to do with milk. On page 17, you say that the federal government must not forget that it holds far greater sway over the future economic destiny of agricultural producers than it does over those segments of our economy that contribute to the rising cost of farm production. Would you enlarge on this and explain this statement?

Mr. ATKINSON: I am speaking in general terms now, I would say that the relative bargaining position of farmers is much weaker than, for example, a large corporation that operates nationally or internationally.

Mr. LEFEBVRE: Do you really believe that?

Mr. ATKINSON: Yes, I do.

Mr. LEFEBVRE: And you have such a large organization here, with thousand of militant members?

Mr. ATKINSON: Maybe I am not communicating with you. I am saying that the farmers do not have that strong bargaining position, individually.

Mr. LEFEBVRE: But they are not individuals. They are bargaining as a unit.

Mr. ATKINSON: Well, from time to time we do make significant gains. Well let me ask you this question. If we had the bargaining power that you may think we have, how is it that as of one year ago producers of manufactured milk were receiving as low as, say, \$3 a hundredweight.

Mr. LEFEBVRE: You are asking me that?

Mr. ATKINSON: Yes.

Mr. LEFEBVRE: If I knew the answer I would not have to be asking you these questions. I am here to ask you.

Mr. ATKINSON: Well, I am trying to answer your question by asking one.

Mr. LEFEBVRE: I think that is all, Mr. Chairman.

Mr. ATKINSON: I might just say that there have been some sectors of the agricultural community that have organized and bargained effectively for terms and conditions under which their products move.

Mr. PETERS: I was very interested in Mr. Atkinson's statement that there was a use for the inland terminal elevators but that we just had not been using them. How much reluctance is involved because of the philosophy of grain handling in western Canada in relation to the local elevator, and how much thought has the farmer given to the advantages that might accrue to him if elevator operation was to totally change. It is quite true that when a farmer used a team of horses he had to go to an elevator within a reasonable distance. But now they have trucks. It does not really matter if the farmer goes six miles or 20 miles. There is a cost factor, of course, but other than that it does not matter. Now, we understand that this elevator at Moose Jaw is a white elephant. It has 5½ million bushel capacity and it is not used to any extent. Why has there not been increased pressure brought to bear? One of the other members today suggested that this was a white elephant, was not used, and obviously we should have sold this to the pool for \$1 before they built their premises. If, as you said tonight, this can be used, it may play a role which would involve a complete change in transportation facilities. You would not use an elevator in Vancouver; you would use a dumping rack for boats—a loading platform of some kind. You would have to have special cars for this. That plant would have to be redesigned to handle only bulk carriers, as they would if they were hauling potash. They had one there today. You would have to redesign, I suppose, the grading and drying facilities and other things that go with it. Why is it that this type of thing has not been done?

Mr. ATKINSON: You have asked quite a few questions and I will try to pick them up one by one as I sort of caught them. In respect of this kind of terminal

facilities, it may be implied in our submission that it would be loaded directly into boats. This is a long-run objective. We may find, in the short-run, that we have to use a mix, using the boat direct and through terminals, for practical seasons in the short-run.

Mr. PETERS: Before you go on, if we used a telecommunication system similar to that now used by Air Canada, where it takes a matter of minutes to get an order from a stock broker in Vancouver to the pool, either this one or one of the other three terminal elevators, how long would it take for this order to be translated into wheat at Vancouver from any of the terminal elevators in Western Canada?

Mr. ATKINSON: First of all, I would think the people who know the management position of the grain would be the Canadian Wheat Board and, therefore, you would be dealing with them on this matter. They know the areas and the locations.

Mr. PETERS: They do this now, except they do not translate it.

Mr. ATKINSON: I think that is a question I would not be prepared to answer at the moment. This is a question which could be directed to the Canadian Wheat Board.

Mr. PETERS: Let me ask you another question.

Mr. ATKINSON: Now, just hold it, because I want to answer some of your original questions. You asked how is it the pressure has not come? Well we moved from a storage position to a moving position, have we not? As long as we were in the storage position, the practicality of the thing was not as significant as it is now.

The other matter one could consider, I suppose, is the unprotected branch lines, some of which probably will fall by the wayside or maybe all of them. You raised the question of a white elephant. It seems to me it is a nice label to put on a facility like that, especially if the mechanisms that are available are such that it is not being used. But I would submit to you that the way to change this is not to call it a white elephant but to change the mechanism and use it. And, use it with this in mind, that what Canada needs, in terms of an international movement of grain, is the most efficient kind of system possible with all the fat cut out of it, all the duplication cut out of it, so that we can move into the world markets, and return to the farmer a maximum.

Mr. PETERS: Does this mean then that the other vested interests, the pools, the grain companies—you mentioned eight major facilities—are reluctant to see any change take place that would funnel all their grain through the terminal elevators at the ports rather than locally because the government would then be operating the facility that they now receive a fairly lucrative return from.

Mr. ATKINSON: Well, I think that is a very significant question. It is not a simple matter because these grain companies and co-operatives are farmer-owned. I am a member of them and, by golly, I want them to operate on my behalf as efficiently as they possibly can because it is in my interest. The more money they return to me, the better my net position is. That is one point. The other point is that you have, as I pointed out, eight different grain companies. Many of them are situated at the same point. Many of them are at the moment



struggling for survival because as I stated in the brief some of these houses are turning only 1.1 times a year. In other words, they are in a very precarious position. I think I would have to say that each one is playing for item, hoping to catch his competitor at a disadvantage so that he can move. It is like a game of chess. Those of you who understand the nature of business enterprise know you are playing the game all the time. Therefore, they do have a vested interest in it. As a matter of fact, for some of them, I suppose, their very survival as a corporate entity is at stake. As you know, the representative of the corporation always likes to present a nice tidy corporate image to the public, not like me as a farmer, but tidy. By golly, he might not be able to do that if he happens to go out of business. So the point I am making here is that it is a really difficult situation.

The alternative that we propose is that we do have these terminals. Why do we not use them so the farmer can deliver directly to them. He can make his choice as to who he wants to consign his grain to, and you are not going to hurt anybody.

Mr. PETERS: You mentioned part of the problem stems from the fact there is no machinery now. As I understand it, the ship broker makes the decision as to what grade of wheat is to be made available to his company. He also, no doubt, has certain connections that he would lose if the wheat board assumed part of this responsibility for having his order translated into a terminal shipment that went directly from these inland terminals to the loading facility, with no other intermediary.

Mr. ATKINSON: You are talking about folks who own a terminal elevator. There is a commission or a fee. This is true; this is a problem, right.

Mr. PETERS: There is one other question I would like to ask. We have had a great deal of comment at various times over the years since I have been a member of the House with respect to boxcars. It has been less prevalent since Hazen Argue was promoted to another place, and since the Bracken inquiry which, I think, did iron out some of the problems in this field. The allocation of boxcars still appears to be a problem. We had a telegram yesterday from northern Alberta that boxcars were not available. I have been impressed with the co-ordinating work that Riddell has done at the port. Would the National Farmers Union recommend that we retain a person as a commissioner, similar to the commissioner we had during the war, under the war emergency act, to arbitrate a decision in respect of arguments that develop between elevators, elevator companies, with the farmers in the background, and the railway companies that, quite often, find it more advantageous to go to an elevator close by. In other words, would you recommend that we have someone to arbitrate between the three levels?

Mr. ATKINSON: I think the answer to your question falls in this kind of a frame. I think, first of all, we have to concentrate on upgrading railway rolling stock. I think we have to concern ourselves with modernizing and upgrading the handling facilities so that rolling stock is not tied up too long. Work is under way at the moment in the port of Vancouver and, hopefully, it will be completed, to modernize and increase the logistics of moving materials out of the marshalling yards and into position for loading boats. I think this is the major area that we

want to concern ourselves with. In respect of the question of boxcars and their locations, sure, we know that the railways, being good business people, sometimes too good as far as the farmer is concerned, are more interested in using their cars for what they term more advantageous purposes in terms of an earning position. We have to jack them around. I think, with the mechanism we now have, that this can be done. For example, we receive requests at our office from time to time from points that are having difficulty with boxcars and we seem to have ways and means of resolving these difficulties. I think if people would use the ways that are open to them, it would help. However, I would have to add that we have to be on top of the railroads all the time; keep them informed of what is going on and let them know we know what they are doing. Public opinion has a great influence. For example, a couple of years ago, when the Canadian Pacific Railway was a little lax in supplying boxcars on some of their lines, we were raising Cain about it. The Minister of Agriculture came out and made some statements and, by golly, things started to change pretty rapidly. I think there are ways open to us now.

Mr. CLERMONT: Mr. Chairman, the brief states that one of the first decisions of the dairy commission should be to give dairy producers delivering industrial milk or cream to the manufacturers, \$5 per hundred pounds net. Would this \$5 be reached either by giving a subsidy to the consumer or to the producer, or increasing prices to the consumer?

Mr. ATKINSON: I would say that we should use both techniques. Certainly, if it is necessary, then it should be a subsidy to the consumer.

Mr. CLERMONT: To the consumer?

Mr. ATKINSON: Yes. Let me explain. After all, it costs X number of dollars to produce one hundred pounds of milk. It costs that much to put it on the market. Therefore, if you insist that the farmer subsidize that, then it is the farmer who subsidizes it. If the farmer subsidizes, it amounts to a transfer of capital from his business to another business and through that other business to the consumer.

Mr. CLERMONT: But some products, like milk powder, are mostly for export.

Mr. ATKINSON: I beg you pardon?

Mr. CLERMONT: What about milk powder which, I understand, is mostly for export?

Mr. ATKINSON: Well, as I understand it now, provision is made to take care of milk powder through the program, with a 10 cent reduction.

Mr. CLERMONT: When you estimate a price of \$2.50 per bushel for wheat are you basing your \$2.50 on the cost price to the producer or the ability of the purchasing nation to buy it?

Mr. ATKINSON: We are now talking about the commercial markets of the world, we are not talking about developing nations. We are talking about two things: the cost of production to the producer, and an adequate return on his capital and investment—there is nothing wrong with making a profit; and the other is the ability of the nation to pay.

Let me just pursue this further. If we were to move the other route and depress the world price of wheat, which is a major commodity, by reducing the

price on the international market, it would be detrimental to developing countries like Ghana and Nigeria, where we are investing capital, who are trying to raise their industrial and agricultural productivity by undercutting such commodities as cocoa and coffee, and depressing these commodities in the world market. Therefore, we believe it is in our interest and in their interest to strengthen a very important commodity, namely grain.

Mr. JORGENSEN: Mr. Chairman, I should like, first of all, to raise a point of order. Mr. Atkinson very ably summarized great portions of his brief and I would not want only that portion that was read appear.

The CHAIRMAN: We have a motion drafted.

Mr. JORGENSEN: The entire brief should be printed.

I want to deal with a question that Mr. Atkinson raised in connection with terminal facilities and grain handling facilities. I want to thank him for his suggestions and ideas on this subject because primarily this is the purpose of this trip. You mention that grain could be cleaned in the inland terminals and then shipped directly for loading onto the ships. I wonder how it would, first of all, be possible to ensure that there was no contamination of the grain from the time that it left the inland terminal until it was loaded on the ship. I understand that is a problem and the Board of Grain Commissioners, through their inspectors, carry on a very careful examination of the grain through its various processes in the terminal elevators to ensure that no such contamination takes place and, secondly, that the proper grade and the proper quantity of grain is loaded into the ships. It seems to me there might be some difficulty in that respect and also in attempting to get the proper weight. As you know, in shipping boxcars, there is a shrinkage that takes place and the possibility exists that you will not get the proper weight and the proper grade of grain on the certificate that the shipper gets.

Mr. ATKINSON: I think this is a purely technical problem; the matter of maintaining purity, if you will, can be overcome by sealing cars. The matter of weighing can be done by automatic weighing at the other end.

Mr. JORGENSEN: You really do not foresee any difficulty in this respect?

Mr. ATKINSON: I do not foresee any major difficulty. We will have to gain experience in it but I do not foresee any major difficulty.

Mr. JORGENSEN: You state on page 12 of your brief that you would like to have the Canadian Wheat Board placed on a permanent basis, by legislation in Ottawa. I wonder if you could tell me just what could be permanent in the way of legislation in the House of Commons. What may be permanent with one government may not be so permanent with another. I just wonder how you could make that legislation permanent. In connection with that, do you not think the reviews that must of necessity take place, when the legislation is up for renewal every three years, is not a good idea because it does give the members of the House of Commons an opportunity to raise any objections, to bring up problems that arise during the course of the three-year period and draws attention, perhaps, to some of the facets and aspects of the act that should be changed.



Mr. ATKINSON: Mr. Jorgenson and members of the committee, in answer to this question, I think there is great advantage in establishing, even in the terminology, permanent legislation. It is a psychological thing, I suppose, because, as you point out, a future government can wipe the legislation off the books.

Mr. JORGENSEN: It is not likely that they will. I say they could.

Mr. ATKINSON: I think it would help in this regard—and I think this is very important—that it would assist the wheat board, in the management of the business, to know that this thing is set on the statute books in a permanent way. I think this is a very practical consideration. With regard to the fact that this committee and Parliament reviews the operations of the Canadian Wheat Board every year, I do not think this would be a change. You could still review it. I would like to see the power of this committee strengthened even beyond what you now have. Rather than to look at the Canadian Wheat Board legislation and to argue that it should be maintained on a temporary basis because of the fact this committee reviews it from time to time, I would consider the proper approach to be that this committee have greater powers in carrying on its day to day work as part of the legislation process in Canada.

Mr. JORGENSEN: I just want to be sure I understand you. Are you suggesting that the committee be given the power to legislate in this connection?

Mr. ATKINSON: No, no. I am saying that the committee be given powers to investigate, that they be given broad powers of investigation.

Mr. JORGENSEN: You understand, Mr. Atkinson, that to a large extent we do that now, mind you, with the limitation that it must be referred to the committee.

The CHAIRMAN: We cannot review the wheat board now unless the minister asks the House to direct the committee to review it.

Mr. ATKINSON: Might I say that we are not interested in punching any more holes in the wheat board bucket; we are interested in good solid legislation and a good solid committee to do the work we expect the committee to do.

The CHAIRMAN: We have some pretty solid members here, but some are getting rather weary.

Mr. RAPP: Mr. Chairman, some of the questions I intended to ask have been asked and answered. I would like to say that this brief is more specific in its presentation than some of the other presentations we have heard. For instance, you are not afraid to say that the initial payment should be 25 cents more and that the international wheat price should be at least \$2.50. Some other briefs that were presented stayed away from these figures. I know that our representation in Geneva will be faced with a very serious problem in April when asking for an increased price under the international wheat agreement. Is unemployment insurance for farm labour, which will begin on April 1st, something you have advocated or something you had looked forward to?

Mr. ATKINSON: Well, first of all, I would like to say that the international negotiations at Geneva, on the matter of the international commodity agreement on grains, will be well represented, Mr. Rapp, as I will be there representing the National Farmers Union.

On the matter of unemployment insurance, it is something that we have advocated for many, many years. Generally speaking, our people are accepting it fairly enthusiastically, although they are going to have to get used to some of the procedures that are being used. I think we can say that a little later on we may be making representations to the government on some modifications in terms of procedure. I think we have to wait and see how the thing works before we can say what these will be.

Mr. RAPP: If you are going to be a representative in Geneva, will you see that our neighbours to the South do not take advantage of us and present only their case.

Mr. ATKINSON: I might say, on this matter, Mr. Rapp, that the National Farmers Union in Canada has been in constant touch with the National Farmers Union in the United States. The National Farmers Union there have presented a very strong case to Washington. It is a case that we as Canadians can support and in as much as we have taken these measures we have been talking and will continue to talk with them.

Mr. FORBES: Could I ask one supplementary question? You have suggested that the initial price should be raised?

Mr. ATKINSON: Yes.

Mr. FORBES: What advantage would this be to the farmer in view of the fact that he can get cash advances, interest free, on his grain?

Mr. ATKINSON: I suppose the general advantage is that at the time of delivery those farmers who do not avail themselves of cash advances would have an extra 25 cents a bushel to use to carry on their immediate operating expenses.

Mr. FORBES: They are not going to avail themselves of that either because they can get it just by asking.

Mr. ATKINSON: Well, this is true, but when we think in terms of—

Mr. STUART A. THIESSEN (*Secretary Treasurer, National Farmers Union*): He does not get the initial price on this cash advance.

Mr. FORBES: It depends on the quantity he has in the granary.

Mr. THIESSEN: He can still take the cash advance but that has nothing to do with the initial price.

Mr. FORBES: But I presume that you are asking for this to put more money in his pocket and it would not make much difference to him if he can get the money interest free now, in the way of a cash advance, or later on in the matter of a price.

Mr. ATKINSON: Well, our people, who we are guided by, believe that it would be advantageous to them to have that additional increase in the initial price, notwithstanding the fact that they know they can avail themselves of the interest free cash advance, and many of them do.

Mr. RAPP: But the wheat board will be borrowing it and paying interest on it, and this may come out of our final payment.

Mr. ATKINSON: But on the other side of the coin, the farmer also is a borrower of money and my experience has been that the cost of money to the farmer is higher than the cost of money to the Canadian Wheat Board.

Mr. THIESSEN: Another point on this is that it would demonstrate a greater degree of confidence by the Canadian government in the marketing abilities of the Canadian Wheat Board than they are showing with the \$1.50 initial price, which is 12½ cents below the floor price of the international wheat agreement.

Mr. RAPP: There are two sides to the picture.

Mr. THIESSEN: Yes, there are two sides to everything.

Mr. GRILLS: Mr. Atkinson, I was interested in your dairy policy and if there was nothing else I ever agreed with you on I would agree that your thinking here is positive. You have recognized the position of the dairy farmer in Canada. I often think we should ask this question: Why is our milk production going down? I think, regardless of your comments, it is about as simple as this: the farmers are getting tired of the seven day week; they are getting tired of milking cows and caring for those cows seven days a week. While Dad is carrying on, the son says: Not for me. Dad is going to carry on as long as he can, and I think we should be very conscious of this. This is why we are short of dairy products.

I would like to ask our friend what, in his opinion, is the complete answer to this?

Mr. ATKINSON: How long are you prepared to stay? Solomon passed away many years ago. I do not profess to be Solomon, but I would suggest to you that this whole problem can best be resolved by a shift of jurisdictional responsibility and I suppose it would have to be from the provinces to the national dairy authority, in order that the national dairy authority be in a strong management-position; in order that the differences of interest in the various regions of Canada can be rationalized so they do not become conflicts of interest; in order that a proper allocation of the total output of milk can be made to the various commodities that result from milk; in order that the dairy farmer himself is in a position to hold discussions and negotiations with some body that is charged with the responsibility for dairy products in Canada.

Mr. GRILLS: You do agree the standards have to be brought up. What are we going to do with the little farmer who cannot meet those standards?

Mr. ATKINSON: You raised the question of standards and certainly we have to be concerned about them. I think the matter here is resolved in this way: that the smaller farmer who has the capacity to improve himself is given the opportunity to improve himself and to share in an ever-expanding market because it is expanding. I am not convinced—nobody yet has convinced me—because a farmer is a small farmer, defined in terms of number of cows or acreage, that he is necessarily an inefficient farmer. Many of these people are much more efficient than some of the larger operators and given the opportunity could be equally as productive.

Mr. GRILLS: Thank you kindly.

The CHAIRMAN: Mr. Ricard?



Mr. RICARD: In view of the lateness of the hour, I pass.

The CHAIRMAN: Thank you Mr. Ricard, Mr. Godin?

(Translation)

Mr. GODIN: My question is in regard to grain movement. At the present time, in a hundred carloads of wheat shipped to Vancouver, what is set for export and what is left? Is it worth your while to use it for feeding cattle?

(English)

Mr. ATKINSON: The grain that is shipped to Vancouver is cleaned there and the screenings are salvaged for the purposes of both livestock feeding and poultry feeding generally in the area of Vancouver, the lower Fraser Valley.

The CHAIRMAN: Is that all, Mr. Godin?

Mr. WATSON (*Assiniboia*): Mr. Chairman, referring to the terminal elevator at Moose Jaw, and going back to the philosophy of transporting the grain in bulk lots, we found, from listening to witnesses in Vancouver, that it was not a practical means because you could not have the proper type and proper amount to fill, say, million bushel ships. How do you feel this could be overcome, taking in consideration that we could have half a dozen ships there, one ship maybe wanting a big cargo of no. 6 wheat and another one wanting no. 4, under the present regulations where this type of grain cannot be mixed at the terminal elevators?

Mr. ATKINSON: First, we agree that in the short run there are some problems and these are technical. However, we think they can be resolved. Second, the ships that are coming are coming for various grades of grain and there are problems with cargoes. But certainly all the ships would not be filled out of one terminal. There must be ships moving in that do demand the kind available at half a dozen terminals, if we visualize using all the inland terminals for this purpose and programming out in a way to blend. Therefore, I think we would have to gain some experience in order to answer your question. I am sure it is technically feasible that we can gain that experience. The only thing we await is a decision to do it. I know we can do that.

Mr. WATSON (*Assiniboia*): I must say I feel, having checked over this brief, that it contains a lot of good ideas, particularly pertaining to the transportation set-up. I have to agree with it, I wanted to ask one more question. At the present time in southern Saskatchewan,—I am not aware of the situation in the north—we have generally pretty fair quotas. Why is it that they are now in the midst of putting, I believe, a thousand carloads a week in that Moose Jaw elevator as against other times of the year. I refer to July and August, which is the end of our crop year and the beginning of the new crop year, when we can never put enough pressure on to get any wheat into it. In your opinion, what is the reason they are doing it now?

Mr. ATKINSON: Well, I suspect there are a couple of reasons. One of the reasons is that some of the facilities at the export points are filling up or are full. The other reason is that there has been pressure put on to have the Moose Jaw elevator filled. For example, reference was made to a white elephant. Well, you

now that nobody wants a white elephant. So what do you do? You try to remove the label of white elephant. As I suggested, Mr. Watson, and I think you agree, let us change the method we do business by. Instead of using it as an example of a white elephant let us make it an example of what is possible.

Mr. WATSON (*Assiniboia*): Well I could not agree with you more. Possibly I might be responsible for the term "white elephant". I am happy that we did have the agriculture committee out there because, now, 40 members at least know what I refer to when I speak of the terminal elevators not being used in the manner I feel they should be used.

The CHAIRMAN: We were quite surprised, I feel we should tell Mr. Atkinson, how much it was being used the day we were there.

Mr. ATKINSON: I think that is a result, as I said, of pressure that has been brought to bear.

Mr. THIESSEN: That is because they knew you were coming.

Mr. WATSON (*Assiniboia*): When did they start unloading the thousand carloads a week? I think this is a very appropriate question.

Mr. LEFEBVRE: Yesterday.

Mr. WATSON (*Assiniboia*): I agree with you; that is possibly a correct answer.

Mr. LEFEBVRE: I have a supplementary question. Do you think it is a good idea for the committee to travel, as we have done, to meet with you people locally rather than stay in Ottawa and hear you there?

Mr. ATKINSON: May I say that I am very pleased that you have taken the initiative to come out and have a bird's eye view of what the thing is all about. If you see it you can sort of get the feel of it. I would caution you though; what you have seen as an example is only a bird's eye view. There is much more to see. In terms of Canada—and I am a Canadian—I think the more our people move around the country, the more exchanges we have of all kinds, the better Canada is and the better the people are in it. I think this is very commendable and I hope you would continue these kind of excursions to broaden your own frame of reference and get to know the people better.

Mr. ASSELIN (*Richmond Wolfe*): You should visit the eastern part of Canada, too.

The CHAIRMAN: If we live through this trip, with the hours we are putting in, and recuperate, I do not know whether or not we will be recommending another. We are putting in about 20 hours a day, about the same as farm organizers.

Mr. ATKINSON: Let me say that I have some experience in meeting with parliamentarians and, generally speaking, they are a hard-working crew. Many times the general public do not appreciate all the work they are doing. I want to say that as an organization we may not agree with everything that happens but we are cognizant of the work that many of the people do in Parliament.

Mr. ASSELIN (*Richmond-Wolfe*): I would just like to suggest that Mr. Atkinson repeat that statement tomorrow morning when the reporters are here.

The CHAIRMAN: I would ask him to repeat that tomorrow night when he speaks in my constituency.

Mr. SCHREYER: Mr. Chairman, after all of that back patting, I will confine myself to just one question. We are led to believe that stop-off charges and other technical problems work against the idea that we could use these inland terminals more. But now we find they are, in fact, being used more. Mr. Atkinson, you are suggesting here that they might be used as direct grain delivery receiving points. It sounds like a good idea but I suppose one would have to treat them in a slightly different way than ordinary country elevators in terms of delivery points. They would have to be regarded as sort of alternate or second delivery points for permit holders so that those permit holders, as they deliver grain to country elevators, if there is a plugged condition in the elevators, could start delivery direct to these inland terminals, say, from a radius of 20, 30 or 40 miles. Do you think it could be worked this way, that these inland terminals, when they are being used for direct delivery, would have to be regarded as second delivery points.

Mr. ATKINSON: First of all, may I put on record the fact that when this grain is diverted into terminals there are extra charges, and the farmer pays for those charges. That is the first thing. Now, the question of whether there be an alternate delivery point or not, I have not really thought through this far. I would suggest, at least in the initial stages, that they should be declared a delivery point and producers be offered the opportunity to deliver there. We may find that in a very short time the other thing has resolved itself.

Mr. WATSON (*Assiniboia*): Mr. Atkinson, I have a supplementary on this same topic. What would your reaction be to doing away with delivery points entirely under the quota system?

Mr. ATKINSON: I will answer that one very directly. I do not think we can do away with the quota system. Let me say why.

Mr. WATSON (*Assiniboia*): I did not ask that. I maintain that we have to keep the quota system 100 per cent, the same as it is today. The only thing is, we live in a certain town and that is our delivery point. Do away with that specific delivery point so I can haul to my home town or to Moose Jaw if this elevator was made into a regional elevator or an elevator that had trucking facilities.

Mr. ATKINSON: I would envisage, as a problem, managing the supplies of grains out of an area. I am now talking about wheat board management and the movement of supplies out. I do not think this is an insurmountable obstacle but I do not feel competent to answer your question at this point. I raise this other problem that I could see.

Mr. SCHREYER: Well, I do not like to keep members here longer than necessary. My question is along the lines of the one that Mr. Watson put to you. It is not really that many years ago that the single delivery point system was introduced and in my part of the country, in east central Manitoba, in some instances shipping points consist of only one elevator; in some cases they are line elevator companies, and there are growing complaints that producers in that area are tied too rigidly and that they should have—they regard it as a



reasonable request—a second delivery point option. Do you think this kind of request is feasible and practical, and is this kind of problem of any consequence in Saskatchewan?

Mr. ATKINSON: I would say this depends to a large degree on whether or not this was a single elevator point.

Mr. SCHREYER: In Saskatchewan this would not be the case too often.

Mr. ATKINSON: Very much so. We have many single elevator points.

Mr. SCHREYER: Could I ask a question which requires a very brief answer? Has the NFU ever made a request that in those shipping points where there is only a single elevator company in operation, that producers in that area be somehow allowed to double delivery point.

Mr. ATKINSON: No, we have never made such a request. As a matter of fact, nothing has ever come to us that would indicate there was pressure for this kind of thing in an organized way.

Mr. PETERS: Could I ask a question? I notice on this map there are numbers and divisions of some description. What is the significance of the division to a pool elevator? Does it cost you more to ship from the centre of Saskatchewan than the west border, west?

Mr. ATKINSON: The breaking point is about 100 miles east—I do not think it runs in a straight line in terms of Saskatchewan—from the Alberta border. There are various breaks in transportation. For example, I think the highest is about 23½ cents and then it goes down each way.

Mr. PETERS: That is on the basis of these divisions?

Mr. ATKINSON: No, no; that is a wheat pool district. That map has no significance to transportation charges.

(Translation)

Mr. CLERMONT: I want to say we want to express our thanks to the interpreters who have had to speak all the time and we want to thank the personnel who recorded those meetings.

(English)

The CHAIRMAN: I was thinking about that because I had a note made.

Mr. CLERMONT: I wanted to mention that in French.

The CHAIRMAN: Well, I am sure they would have understood in English, too. I want a motion that this brief be printed. Is it agreed? I want to thank Mr. Atkinson and Mr. Thiessen for appearing before us. I wish Mr. Atkinson a safe journey to and from the most southerly part of Canada, the most productive part of Canada. When you are there you will see some of the most modern elevators in the world.

Mr. ATKINSON: Thank you very much, and thank you gentlemen too for bearing with us and suffering in silence.

## APPENDIX I

Statement to  
House of Commons Standing Committee  
on Agriculture, Forestry and Rural Development  
during the Committee's visit to Regina  
on  
FEBRUARY 8, 1967,  
by  
SASKATCHEWAN WHEAT POOL.

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Mr. Chairman and Committee Members:

*1. Introduction*

On behalf of the farmers who own and operate Saskatchewan Wheat Pool we welcome you to Regina, which among other things is the location of our Head Office, the geographic centre of Canada's wheat belt, the home of a number of other important co-operatives and also of the Grey Cup champion Saskatchewan Roughriders football club. We are all very pleased indeed to have you come our way to give us the opportunity to tell you something about the matters which seem most important to us.

Our intention in this statement is to outline as clearly and as briefly as possible the role of Saskatchewan Wheat Pool in the agricultural industry of Canada and to bring to your attention some of the perplexing problems which confront the Pool and its farmer members. We have a number of formal briefs and submissions on some of the questions raised in this statement and copies of these other documents will be made available if you wish. We are available to answer any questions the statement suggests.

## *2. The Pool's Aims and Objectives*

A good place to begin is to tell you something about who we are and what we do at Saskatchewan Wheat Pool. In the first place we are a voluntary association of farmers. We are organized as a co-operative and our aim is "to be a farm organization dedicated to the improvement of the social and economic conditions of Saskatchewan farm families." We attempt to meet this aim by carrying out a variety of objectives:

1. We maintain a democratic structure which provides a forum for the development and promotion of agricultural policies.

2. We seek to increase understanding and knowledge of co-operative philosophy and to assist in the development of the Co-operative Movement in all its phases.

3. We maintain a well-informed membership through educational and informational programs dealing with all aspects of agricultural production and marketing.

4. We promote development of markets at adequate prices for the products of Saskatchewan farms.

5. We promote and provide co-operative and other services required by farmers in the production and marketing of agricultural products, thereby reducing speculation, manipulation and waste.

6. We create working conditions and training opportunities in which our staff members will be encouraged to grow and develop with the organization.

We have for each of you a copy of our most recent annual report which records how we sought to meet those objectives during the year ended July 31, 1966. We'd like to discuss briefly the role of the Wheat Pool in achieving each of these six objectives.

## *3. The Pool's Democratic Structure*

Any farmer may become a member of the Pool for the purchase of a one dollar (\$1.) membership share. This amount is payable only once. Saskatchewan Wheat Pool was organized in 1924 and we now have something like 80,000 active farmer members. Our membership represents a large portion of all Saskatchewan farmers who number in total about 90,000.

For electoral purposes within the Pool framework, the province is divided into 162 sub-districts which are grouped into 16 districts. Farmers in each sub-district elect one of their number to be a delegate. These elections used to be



held annually but now come only once in two years. Delegates meet together usually only once a year at our annual general meeting which occurs each November.

Each of the 16 districts has nine or ten sub-districts. These districts and sub-districts are shown on the calendar maps which have been provided for each of you. Two or three times a year the delegates in each district meet together and at one of these meetings they name one of their number to be a Director.

Directors meet regularly every month to direct affairs of the company and to consider whatever other matters merit the consideration of representatives of so many farmers and the discussion at these meetings is varied and broad in scope. Once a year the 16 Directors hold elections among themselves to select a President, the two Vice-Presidents and members of the various Board Committees.

Any individual farmer member who wants to bring a matter to our formal attention may first raise his question at a meeting of Pool members which are held from time to time by shareholders or their elected committees at the various grain delivery points or by discussing the issue with his Delegate. The Delegate may raise the matter at a meeting of District delegates or at the annual meeting. Directors may raise questions at the Board level any time during the year.

On the other hand an individual member may raise his question with the Pool's Head Office and often this is the way he does get attention. Some matters may be decided by the Directors and some require approval of the delegates at annual meeting. Many questions are constantly under discussion in the country and at any time the Pool's position may be challenged by individual farmers who are members. Sometimes those who are not members challenge our position on a given question and these must be answered too.

#### *4. The Pool's Role As a Co-operative*

Saskatchewan Wheat Pool is a co-operative. In terms of market importance we are Canada's largest co-operative and we take this primary role extremely seriously. Throughout the years we have often been actively associated with individual farmers in formation of new co-operatives. We give advice, we offer the help of delegates and staff and sometimes we put up some funds to get new co-operative ventures started.

We are a member of the Co-operative Development Association of Saskatchewan which is a federation of all co-operatives in the province. We are also a member of the Co-operative Union of Canada which is spokesman for all co-operatives in the country and we support the International Co-operative Alliance which is the world body of co-operatives. Wherever there is a question which interests co-operatives there also is the interest of Saskatchewan Wheat Pool.

#### *5. Pool Members Are Informed Farmers*

From the outset Saskatchewan Wheat Pool has been interested in keeping our farmer-membership informed. We do this in a number of ways. Our extension department has a full-time trained fieldman working in each of the 16

districts. Each of our operating divisions has staff who are constantly available to the farmer to help him with his problems.

We support the University of Saskatchewan with annual grants and with a variety of scholarships and bursaries. We support the 4-H movement which is focused on the young people on the farms. We take part in adult education programs of many kinds, including a regular program of meetings with our elected committees. We have an expanding staff of professionals in many disciplines who are available not only to help our farmer members but who also engage actively in the work of their professional associations and in this way help to keep others informed of the problems back on the farm. On questions of public policy we consider ourselves a primary spokesman for our membership.

### *The Pool And The Market Place*

Grain and livestock are the major enterprises on Saskatchewan farms and grain and livestock marketing and their problems are major concerns of the Wheat Pool as well. You already know something about our views on the Canadian Wheat Board which we consider the most successful marketing agency in the world. We also support the proposition that marketing boards for other farm commodities offer promise of similar success if properly organized and operated and we give help where we can to assist farmers who want a marketing board for individual commodities.

You already know also that Prairie farmers tend to be free traders and the Wheat Pools in particular are strong exponents of the freest possible trading arrangements among all countries.

In the beginning the Pool was organized as a marketing agency to handle members grain in the world markets. We are still grain merchants but since the advent of the Canadian Wheat Board our grain sales operations have been less important than they were originally. However, this question has received increasing attention in recent years and many inside and outside of our organization have suggested we expand our grain sales activities once more.

### *The Pool And Its Services For Farmer Members*

We are involved in a number of commercial enterprises and in each of them the Pool is geared to provide service at cost to our farmer members. A comment on each might help you to appreciate our role:

(a) *grain handling*: We handle grain at both the country and terminal positions as agents for the Canadian Wheat Board. At August 1, 1966 we owned and operated 1,212 licensed country elevators in the province with a total storage capacity of 89,275,800 bushels. The Pool is the largest of the 11 licensed country elevator operators in the province and we own and operate 43 per cent of the total number of country elevators and about 44 per cent of total space in the province. In the last crop year we handled about 238 million bushels of grains or 54.67 per cent of total grains handled within the province.

At terminal position at the Lakehead and at Vancouver we operate a number of terminal elevators. At Vancouver we lease and operate a National Harbors Board elevator with licensed capacity of 1,650,000 and at the Lakehead



we own and operate eight separate terminal elevators with total licensed capacity of 36,117,210. Overall we operate about 25 per cent of total terminal elevator capacity in the country. In 1965-66 our terminals in both locations handled 204,076,474 bushels of export grain which accounted for 36.6 per cent of total handlings at the Lakehead and 11.6 per cent of Vancouver port handlings.

We now have under construction at Vancouver a new 5 million bushel terminal on the north shore of Burrard Inlet. This will give a real boost to our ability to handle export grain and we are looking forward to its opening late this year.

All operators of country and terminal elevator facilities in Canada operate as agents for the Canadian Wheat Board in the handling of the grains under Wheat Board jurisdiction. For the other grains we operate as principals, buying outright from farmers and selling to whomever will buy.

(b) *livestock handling*: We own and operate five livestock marketing yards in Saskatchewan (at Moose Jaw, North Battleford, Regina, Swift Current and Yorkton) and operate livestock agencies at three other yards owned by other companies (at Lloydminster, Prince Albert and Saskatoon). We also are members of Canadian Livestock Co-operative (Western) Limited which operates an agency for us and other Prairie co-operatives at the St. Boniface public stockyards and operates a yard at Brandon. Our livestock operations account for 58.5 per cent of all cattle and calves marketed by Saskatchewan farmers and for 23.8 per cent of the hogs and 33.3 per cent of the sheep and lambs. This phase of our operations is growing through the years and is considered an extremely important service to our member farmers.

(c) *processing*: We own and operate a flour mill and a vegetable oil processing plant in Saskatoon. These are each relatively small compared to the total Canadian industry and account for something like five per cent of total Canadian output for each. However, they remain extremely important to our farmers because small as they are they do offer a local outlet for field crops. Our flour mill, for example, handled over two and a quarter million bushels of wheat in the 1965-66 crop year and our vegetable oil plant processed a small quantity of flax as well as more than one million bushels of rapeseed. Aside from their importance to the farmer with grains to sell these processing operations provide us with first-hand information about these industries and allow us to speak from experience when discussing flour and vegetable oil problems with others. Our Directors and Management have taken an active part in each of these industries and have been with a number of Canadian missions overseas.

(d) *publications*: We publish The Western Producer one of Western Canada's leading weekly farm papers. We also operate a job printing plant in Saskatoon under the name of Modern Press which aside from general printing also publishes a number of books of special interest to Western Canadian readers. We believe firmly that this publishing venture is worthwhile and do not judge its success entirely on its financial position. We also maintain at Head Office a publicity department which through the printed word and broadcast both by radio and TV attempt to inform the farmer and the public on questions of farmer concern.



(e) *farm supplies*: We have recently entered the farm service business to provide a greater variety of required services and supplies. This venture has proven extremely worthwhile, even in its short history. In 1965-66, for example, we marketed nearly \$8 millions worth of fertilizer, chemicals, twine, seed, grain, range crop seed, alfalfa meal and other products, and our 1965-66 output was nearly double that of the year before. We have under consideration other farm service ventures which our farmers require and which we might be able to provide at cost.

(f) *other co-operative ventures*: In addition to the co-operative ventures we own and operate by ourselves we are members of larger co-operatives which provide a number of other services and supplies for Prairie farmers. Together with the other wheat pools we operate Canadian Pool Agencies Limited and Pool Insurance Company which is a wholly owned insurance company for the insuring of our grain handling plant and the grains in our custody. We are a member of Interprovincial Co-operatives Limited, a national co-operative in the manufacturing, processing and distribution business. It supplies us, for example, with chemicals and twine we distribute. We are also a partner with Alberta Wheat Pool and Federated Co-operatives Limited in the new Western Co-operative Fertilizers Limited whose Calgary operation is one of the most modern and comprehensive fertilizer manufacturing plants in Canada. It supplies only its three members who distribute the fertilizer to their farmer members. The Pool is also a member of Co-operative Insurance Services, the Regina-based national co-operative which manages both a co-operative life insurance company and a fire and casualty company. And finally, the three Pools wholly own Canadian Co-operative Wheat Producers Limited, which used to be our central selling agency when the Pools were grain marketing principals in the days before the Wheat Board and now remains our principal spokesman in matters of mutual interest.

### *The Pool and its Employees*

At the end of our last crop year, July 31, 1966, we had 3,170 persons on staff. You may be interested to know that most of our staff belong to one union or another and that many of the unions are affiliated with the Canadian Labor Congress. We are the only grain company whose country elevator agents are represented by a CLC union. Last year more than 50 employees were engaged in advanced studies, many at University level, and more than 150 employees were enrolled in orientation courses administered by our personnel department. Outside of government service the Pool is the largest single employer in the province and we take every available opportunity to help employees improve their skills and training to serve better the farmers who own and operate the Wheat Pool.

### *Farmers Face three Kinds of Problems*

Farmers tend to be individualistic and most of them prefer to solve their own problems by themselves insofar as they are able. But, many problems cannot be solved by individual farmers on their own farmsteads. Sometimes the problem is simply too large for the individual to handle and sometimes an individual solution for one hinders his neighbor and therefore may not be best.

for the industry. Saskatchewan farmers came to this conclusion years ago before they established the Wheat Pool and it was largely because of this that the Pools were organized.

The original objective of the Pool was to market its members' grain. This was one problem farmers found they could solve better collectively than by themselves individually. Through the years the farmers have added other items to the list of problems they believe the Pool can do better co-operatively than they could do for themselves. It is because of this that the Pool now finds itself, 43 years after its establishment, in the livestock business, in the processing of flour and vegetable oils, in the distribution of farm supplies, in the publishing business, in the insurance business and in a variety of other activities.

But aside from individual and co-operative activity there is a vast range of problems which only government can resolve. Sometimes problems are local and resort to local government is sufficient. Sometimes the problem is province-wide and then the provincial government is asked to intervene. Sometimes the problem is national and even international and then the national government and Parliament are asked to intervene. The Pool is a member of the Saskatchewan Federation of Agriculture and through it takes part in the activities of the Canadian Federation of Agriculture and the International Federation of Agricultural Producers. Some problems are pursued through these wider based organizations and some by the Pool directly. We have concluded, Mr. Chairman, that your Committee is interested in our views about a number of important questions. Few of these are new but for some of you who live normally in other parts of Canada a brief review of the questions might prove useful.

#### *10. The Pool and the Canadian Wheat Board*

Farmers in Western Canada generally support the Wheat Board's operation and while from time to time we question individual decisions by the Board we do not question the desirability of its remaining as Canada's sole marketing agency for Prairie grains. We would in fact have its powers extended to other grains than it now handles.

Since long before establishment of the Wheat Board the Wheat Pools have urged this form of marketing for Prairie grains and we have never faltered in our resolve to support the Canadian Wheat Board. As some of you may know the Wheat Board has a producers' advisory committee. The President of Saskatchewan Wheat Pool is its chairman. As a consequence we have a first-hand opportunity to learn of Wheat Board problems from time to time and to offer assistance in resolving these problems. This experience has only strengthened our support for continuation of the Wheat Board.

Let's consider for a moment our proposal that Wheat Board jurisdiction be extended to allow the Board to handle rye, flax and rapeseed. This position has general support throughout the West and last spring the Pool and other Prairie farm organizations supported the Western Agricultural Conference in its submission to the Federal government to have these Wheat Board powers extended. There have since been additional discussions of this question but the Federal government does not yet seem persuaded to support our proposal. We have with us today a copy of the submission prepared last year on this question and would be prepared to discuss it with you in some detail if you wish.



### 1. *The Pool and the Board of Grain Commissioners for Canada*

We support generally and so do most Prairie farmers the operation of the Board of Grain Commissioners. It is the Federal authority which regulates grain standards, the licensing of new grains, the licensing of grain handling and processing facilities and generally oversees the Canadian grain industry. As in the case of the Wheat Board we sometimes raise questions concerning the operation of the Board of Grain Commissioners.

The Grain Commissioners now have under review the many regulations it administers to assure itself and the farmers that they are the best possible to meet changing market demands. This means in fact a review of the Canada Grain Act which is the principal federal legislation administered by the Board. The Pool is prepared to help in this review of the regulations and some of our senior staff are members of various committees undertaking the study for the Board. Our concern is that Canada remain aware of the demands of our customers and be ready to make change in regulations and requirements when change seems worthwhile. This kind of study takes time and effort and we would not have any specific suggestions in advance of the study's completion but we suspect conditions may have changed somewhat since the last revision of the Canada Grain Act and support a careful examination of these changes.

### 12. *The Pool and the Movement of Prairie Grain*

Because grain production and marketing form such a vital concern for most Western Canadian farmers we are persuaded today to make a number of comments which generally affect the movement of grain and are of special concern to the Pool and its members. One of these has to do with the charges allowed grain companies for the handling and storage of farmers' grain. Another has to do with the Canada Labor Standards Code as it affects the grain industry. And a third has to do with labor-management relations generally in Canada.

(i) Under the present law the Board of Grain Commissioners is empowered to establish maximum handling and storage charges which elevator companies may charge farmers in the handling of their grain. While the Board sets only maximum charges the practice has been for grain companies to charge the maximum allowed and throughout the industry there has traditionally been a consistency in actual charges. The pressure to expand our facilities at both the country and terminal ends of the grain movement and to modernize existing plant has forced all grain companies to seek in recent years an increase in the maximum charges allowed. In 1966 the Board of Grain Commissioners was convinced of our arguments and did provide for an increase of one cent in handling charges at both the country and terminal ends of the movement. However, because we and the other companies handle Wheat Board grains (wheat, oats and barley) under an agreement between the companies and the Wheat Board the actual charges prescribed for these grains is subject to negotiation with the Wheat Board no matter what the maximum allowed. And this year we failed to convince the Wheat Board it should provide an increase.

We would not want to encourage a committee of the House of Commons to intervene in a difference of opinion between two Federal government agencies like the Wheat Board and the Board of Grain Commissioners but we thought



you should be aware of this difference and have an opportunity to ask questions about our views of the matter. As already stated we have a new terminal elevator under construction at Vancouver. We also have a heavy construction program in our country elevator division. We consider the question of our income to meet these rising capital costs an important matter. Our concern really is that unless grain companies are given the income means to finance required expansion the grain handling industry will not be able to meet its future requirements and the whole grain moving industry will suffer. The farmer will suffer the most because without improved facilities he will not be able to deliver additional grains and the Wheat Board and others may not be able to meet expanding market demands for our grains.

(ii) The Canada Labor Standards Code has posed difficulties of another kind, especially in its relationship to the operation of country elevators. Our present agreement with country elevator operators provides a monthly salary plus an agreed range of commissions for handling grain in amounts exceeding an agreed minimum. We do not specify how many hours may be worked in any given period but tend over the year to allow agents time off when deliveries are light knowing that they will put in longer than average hours during times of heavy deliveries. The Canada Labor Standards Code would have us fix the maximum work week and provide extension beyond an approved range of overtime only with specific permission of the federal labor department. This would require that someone be responsible for keeping a time record of hours worked by agents. We find supervision of this kind of record keeping extremely difficult in a situation where the only man on the elevator location is the agent himself (most of our elevators are one-man operations) and were he to become his own time-keeper we can foresee cause for dispute whenever the matter of overtime accounting is questioned. Until July 31 the Pool has deferment under regulations provided in the Act but after August 1 we are advised that we will be expected to comply. We and the other elevator companies have tried on a number of occasions to have the country elevator operators exempt from this legislation but so far have not succeeded. Mr. Chairman, your Committee may find in its report to Parliament an opportunity to comment on this question. Any support you can offer for our position will be appreciated. The additional provisions affecting rates of pay are not at issue for us because present rates exceed the suggested minimums.

(iii) As for the larger labor question, we also have a comment. As you know grain movement has been slowed down and at times stopped because of recent work stoppages on the railways, among dock workers and even among terminal elevator employees. Whenever grain stops moving at export position the shut-down soon reflects itself back through the system until eventually the country elevators are filled and the farmer is not able to deliver any more grain. In Canada the farmer does not get paid until his grain has been delivered to a licensed country or mill elevator and when this situation develops a great number of people are affected adversely. Even more important, overseas customers awaiting delivery of our grain tend to lose confidence in Canada's reliability as a supplier and this we cannot afford in an industry as highly competitive as the grain trade.

After careful thought about this kind of question we have been persuaded to advocate establishment of a form of labor-management court to provide compulsory arbitration where agreement cannot be reached in labor-management disputes in industries of special national importance.

### 13. *The Pool and the International Wheat Agreement*

Saskatchewan Wheat Pool and the other two Pools are among the strongest supporters in Canada of international agreement for the trading of wheat and other farm produce. Representatives of the Pools have attended every international Wheat Conference and we hope to be able to attend conferences of this kind in the future.

As you know the present IWA agreement was signed in 1962 and was due to expire on July 31, 1965. It has been extended, however, on two separate occasions and now remains in force until July 31, 1967. Our view is that no further extensions should be allowed unless the terms of the agreement are negotiated to bring about a substantial increase in the price ranges. The existing IWA agreement has a price range of \$1.625 minimum and \$2.025 maximum basis No. 1 Northern at the Canadian Lakehead. The fact of the matter is that world wheat supply and demand conditions have so changed since that price range was established that our best wheat commands the maximum price in the agreement and likely could command more if the agreement would allow it.

Discussions now are under way at Geneva in the Kennedy Round of the GATT for establishment of an expanded international cereals agreement. We support this proposition and hope for a successful outcome of these negotiations before the expiry date of the IWA on July 31, 1967. Our President is in Geneva this week as an advisor to the Canadian delegation.

### 14. *The Pool and International Trade Policy*

Saskatchewan farmers tend to be free traders and are among the last of the free traders in the country. We want access to foreign markets for our produce and we want our customers to have an opportunity to sell their wares in Canada and elsewhere. Our produce trades, as you know, with the Communist countries of eastern Europe and Asia and we want these countries as well to have access to Canadian markets with their wares. This means that we want the Peoples' Republic of China to have access to Canadian markets and would urge also that the China government be recognized.

We have been watching with keen interest the general negotiations under the GATT in the Kennedy Round and support the general principle of tariff reductions for all countries. Before the Canadian government embarked on this series of tariff talks we were asked to present our views on the question of international trade and did so. We have a copy of this statement and would be prepared to discuss it in further detail if any of your members wish.

### 15. *The Pool and Transportation Policy*

As you know a large portion of our grains, particularly wheat, moves into the export market. As a result we have always been concerned about the quality and price of transportation services both within Canada and between Canada



and our customers. Our views about many transport questions are well established and generally known but you might like us to review briefly three matters of special concern:

(i) On the Crowsnest Pass statutory rates for Prairie grain moving to export position our view is crystal clear. We want them left where they are under the jurisdiction of Parliament. We do not think they are too low or that they result in the railways having to move grain at less than cost. We have on occasion challenged railway arguments about these rates and we intend to challenge future attacks as well. We know very well that if statutory control were removed from these freight rates the railways would increase them, perhaps considerably, not because they needed more money to move the grain but because they believed they could get more money because Prairie grain movement is tied wholly to the railways.

(ii) On the St. Lawrence Seaway toll question our view has been expressed on a number of occasions in submissions to government and to the Seaway Authority. It may be summarized as follows: we believe present tolls are sufficiently high to meet all operating costs of the Seaway and urge strongly against any increases. We suggest the Canadian government move to remove capital refunding requirements from the toll structure and when this is done the tolls may in fact be reduced as traffic increases. As for the Welland Canal, we believe its traffic should have no tolls whatever. Welland tolls now are suspended: we believe they should be removed entirely, leaving the Welland Canal toll free as are all other domestic waterways in North America. We have a copy of our latest submission on this question and would be pleased to discuss it.

(iii) On matters relating to the new transportation legislation to establish the Canadian Transportation Commission we have a considered view which has already been conveyed to a Standing Committee of the House of Commons. While we offered comment on a number of issues contained in the legislation perhaps the question which would interest you most at this time would be our views about branch lines. Our view can be stated as follows: while we do not oppose rationalization of Western branch lines we do not think the best or the only way to accomplish this is simply by abandonment of track and we suggested a number of alternatives. We suggested the subject should be approached on an area basis rather than line by line as has been the case in the past and we also suggested that it is important for all to understand what the criteria for rationalization will be. The 1966 submission presented to the House Standing Committee on Transportation and Communication was made on behalf of the three Wheat Pools. We have a copy of that submission here and would be pleased to discuss it in detail if you wish.

#### 16. *The Pool and A.R.D.A.*

Because your standing committee is concerned also with matters of rural development we offer a brief comment on the Pool and A.R.D.A., the Agricultural and Rural Development Act. During the years since A.R.D.A. was enacted we have given considerable study to the questions it seeks to consider and we have tried on a number of occasions to offer assistance of our organization to get effective programs at the farm level. Since its beginning the A.R.D.A. program has come a long way. It started out to offer a program and federal government



money to assist the provinces in matters of resource allocation. Now it offers a program geared more to the human resource where we think its emphasis should really be. Federal funds are still available to help implement a program geared first to training farmers to do a better job on the farm and second to help those who want to leave farming to retrain and acquire alternative employment.

However, we see very little of that kind of program in operation. The fault may lie in part with the federal program itself although we suspect the program and the idea behind it are good. The fault may lie with provincial governments who must take up the ideas and the funds and make of them operational programs. Some provinces have acted with more vigor than others and we're sorry to say that the local effort in this direction has been less than might be expected. And some fault may lie with organizations like the Pool which might have done more than we have. But we suspect the Pool and the other farmer organizations may be less at fault than the others for the slowness with which A.R.D.A. and its programs have been implemented. After all farmer organizations are not an operational arm of government. We consider our role to be one of suggestion, criticism and encouragement.

At our 1966 annual meeting of delegates the Pool agreed on three specific proposals which should help the A.R.D.A. program. We agreed to seek improved training courses in farm operation, maintenance and management to help the farmer improve his skills; to seek increased financial assistance so that farmers can take these courses if they want to stay on the farm and alternative courses if they want to leave; to seek study of land tenure and land transfer arrangements to determine how best to secure farm land in the hands of Saskatchewan farmers. These proposals went forward to regional and national farm organizational meetings and we suspect will turn up again when the Canadian Federation of Agriculture meets the federal government to present its views about farm policy questions for 1967. When these come to your attention in Ottawa we would hope you do your part as Members of Parliament to encourage serious discussion of the proposals and if accepted by the government that you do whatever you can to have them implemented in effective A.R.D.A. programs across the country. We shall in turn do our part to have them considered locally.

#### 17. *The Pool and Federal Programs to Assist Farmers*

There are a number of federal government programs designed to assist farmers in one manner or another which merit some consideration in the context of this statement. A brief comment on each may be useful to you.

(i) *The temporary wheat reserves act*: this legislation is designed to provide federal assistance in meeting the costs of storing Prairie wheat stocks. It provides government payments to meet the storage costs of all wheat in public storage at July 31 each year in excess of 178 million bushels, a figure said to represent a normal annual carry-over of wheat. Farmers in the West support this program because it recognizes the need for assistance from all the people of Canada in financing the carry-over of wheat stocks. We consider it a worthwhile program which should be continued.

(ii) *Feed freight assistance policy*: The Pool has traditionally supported the federal government's policy of subsidizing the freight costs on feed grains

moving from the Prairies to livestock and poultry feeders in British Columbia and Eastern Canada. We consider this domestic grains market an important one and consider the feed freight assistance program goes a long way towards assuring this market for Prairie grain growers. We are familiar with the proposed federal legislation which would establish an eastern Canada feed grains agency to administer this feed freight assistance policy and other related policies and in general we support this new venture. However, many of us are concerned lest the new agency undertake to become a feed grains buying agency as well as an administrative body and as buying agent enter into direct negotiation with the Canadian Wheat Board which controls the sale of Western grains. We would be less disturbed were the new eastern agency to be financed as is the Wheat Board by the farmers who use it. But we understand the new eastern agency is to be financed by federal funds entirely and in this we see opportunity for a clash between the eastern agency financed by the federal treasury and the Wheat Board financed by Western farmers. It may become an unbalanced clash and we would prefer it not be allowed to happen.

(iii) *Prairie farm assistance act*: Since 1939 the federal government has provided the PFAA program which in the words of the federal government is designed "to provide direct financial assistance to farmers in an area suffering a crop failure." We have seen many crop failures in this part of the country and we appreciate the importance to farmers of this kind of government support. In short we would urge that the PFAA program be continued. Some would argue what the extension of various forms of crop insurance in recent years might suggest there is less need for a program like PFAA but the Pool would not support that conclusion. Crop insurance is desirable where crops are insurable but PFAA makes a form of support available to all who farm whether the risk is insurable or not.

(iv) *Agricultural Stabilization Board*: We have been constant exponents of the federal government's support price program and wish it continued. Anyone who farms knows that growing conditions vary greatly from year to year and that it is sometimes impossible to estimate either the quality or quantity of output. Demand is often unpredictable too. Price stabilization programs tend to remove at least a part of the risk and provide an assured minimum return or cushion. Prairie grain farmers have tried on more than one occasion to assure themselves a similar income cushion but have met no success in our many presentations to government. We shall keep trying and in the meantime would support the stabilization cushion that others enjoy.

(v) *Prairie Farm Rehabilitation Act*: During the years since the great drought of the 1930's PFRA has come to be a real friend of the Prairie farmer and its programs for land reclamation and development have helped to change the face of western farmlands. The PFRA has helped the agricultural industry and individual farmers to improve some lands and to assure better water conservation and use. Its programs for farm dugouts with which individual farmers have been able to catch normal runoff in sufficient quantities to water stock has by itself been nothing less than a boon to the countryside and has contributed greatly to the diversification of agriculture in this part of the country. Both PFRA and the Maritime Marshland Rehabilitation Administration



emphasize irrigation and drainage projects which are sometimes developed with provincial government assistance. The Pool supports retention of this kind of conservation and reclamation program.

In this context we must mention the new Gardiner Dam on the South Saskatchewan River which when completed later this year promises new opportunities for irrigated farming, power and recreational facilities. We think this a very worthwhile project.

(vi) *Farm credit agencies*: The Wheat Pool and our farmer members consider the Farm Credit Act and similar statutes which preceded it, the Veterans' Land Act and now the Farm Machinery Syndicates Credit Act, extremely important pieces of federal legislation. We especially welcome the statutory limitations these place on the lending rate for farm loans and want you to know that farmers generally support retention of these interest rate limitations. This question is an especially sensitive one at this time when proposed amendments to the Bank Act indicate that the statutory limitation on bank interest may be freed and we suspect that there may be pressure to free the assured rate for farm loans as well. Our view is that the secured interest rates for farm loans available under a variety of federal statutes should remain secured as they now are.

#### 18. *The Pool and Farmer Income*

While we have singled out specific federal government policies and programs to discuss in this statement, the over-riding concern of this paper and of the Pool is for improvement in the economic and social welfare of the farmers in Saskatchewan. One measure of economic welfare is, of course, net farm income and this is the question which receives increasing attention at every farmer meeting anywhere in the province. With rising costs of farm inputs (and today an increasing percentage of total farm expenditures are for off-farm inputs) and with stable to declining prices for farm produce many farmers face nothing short of a crisis situation every time they seek to balance their accounts. Some of us call this the cost-price squeeze and that is about what it is. By whatever name, it is a continuing problem and one which deserves constant concern by all of us.

We want to be certain that all of you appreciate the problem of the Saskatchewan farmer, and it is this: His produce is usually sold outside of the province, either at home or abroad, in competition with produce from other places and at prices over which the producing farmer has little control. With only minor exceptions, the farmer produces without any government subsidy or assistance in direct cash payments. The result is that the Saskatchewan farmer is relatively unprotected from the vagaries of the market place. He has tried to help himself by individual action and by joining co-operatives which seek to act on his behalf. He sometimes asks for specific governmental consideration. Agriculture in Saskatchewan remains our main industry in terms of employed labor and value of output and it remains substantially unprotected.

#### 19. *The Pool and the Taxation of Co-operatives*

In this statement we have attempted to outline for you the relationship of the Wheat Pool to individual farmers and to review briefly some of the public policies which both the farmer and the Pool support and advocate. There



remains now one further comment which relates to farmers and their co-operatives like the Pool.

Soon the Carter Royal Commission on Taxation will report to Parliament on Canada's taxation problems. One of the questions under consideration was the question of whether co-operatives and their members bear their share of the tax burden. The commission will likely have something to say on the subject.

We're not going to labour our views on this matter except to say that most of the allegations made before the commission and on public platforms by the critics of co-operatives about the relationship of the tax laws of Canada to Co-operatives are simply insupportable and untrue. The Wheat Pools prepared a detailed submission to the Carter Commission. Our main recommendations were as follows:

- (i) We support retention of the present provisions of Section 75(1) of the Income Tax Act which allows the deduction from taxable income of co-operatives of payments made to customers on the basis of their patronage during the year.
- (ii) We urge complete repeal of Sections 75(2) and (3) of the Income Tax Act which limit the distribution of patronage refunds.
- (iii) We urge clarification of definitions in the Income Tax Act particularly those to define what is taxable income and who is the taxpayer.
- (iv) We urge retention in the Income Tax Act of the five-year averaging provisions for farmers and fishermen and urge that government attempt to publish more widely its availability and explain its operation.
- (v) We urge retention of the gift tax provisions of the Income Tax Act and recommend that government undertake to publicize more widely its availability and to explain its inter-relationship with Succession Duties.
- (vi) We urge amendment to Estates Tax and Succession Duties legislation to avoid as far as possible the disruption of family enterprise in its administration.
- (vii) We recommended that no attempt be made to tax capital gains as such.

One other question concerning co-operatives merits special mention. For some years the Pool and the other co-operatives have tried on various occasions to acquire a National Co-operative Act but this question has not yet been settled in Parliament. While national co-operative enterprises have found alternative legislation under which to organize there remains a desire to have national legislation relating specifically to co-operative organization. Your support for this proposition would be appreciated by farmers throughout the West.

## 20. A Concluding Comment

We have attempted in this statement to tell you something about Saskatchewan Wheat Pool and its role among farmers in Saskatchewan. We have also discussed the position of the Pool and its farmer members about a number of

public questions. From time to time during the statement we have mentioned that farmers have attempted during the years to improve their position by taking individual and co-operative action and that on occasion have resorted to help from governments. It is fair now to say something about the farmers themselves and perhaps by way of conclusion to have a word about the importance of agriculture in this part of Canada.

About 39 per cent of the province's total labor force is engaged in agriculture and their output represents about 43 per cent of the gross value of commodity production. While agriculture's commodity output is increasing in absolute terms and still remains our most important industry the value of its output is declining relative to some other industries because the others are also increasing. In 1965, for example, agriculture contributed and estimated \$790 millions to the provincial economy while mining accounted for \$270 millions, manufacturing for \$150 millions and construction for \$295 millions.

A figure or two might help to give you some further idea about the importance of agriculture to the provincial—and even the national—economy, the most recent figures available are those for calendar 1964 but even these are impressive. In that year Saskatchewan farmers had operating expenditures totalling \$322 millions of which they spent \$111 millions for farm machinery and repair parts; machinery expenses included \$61 millions to operate tractors, \$33 millions on trucks and their operation and \$26 millions for the repair and operation of other farm machinery. They also spent \$19 millions to pay interest on their various debts, \$18 millions for lumber and hardware.

Changing technology and the shortage of labor have brought many changes in farming operation. An example or two from grain farming will suffice. Ten years ago a tractor with pulling power of 30 horsepower was considered a reasonable size and statistical tables did not even record tractors of more than 40 horsepower. In 1965, half the tractors sold in Saskatchewan were in the classification of 80 horsepower or more. A tractor of this size would cost something like \$8,500. Increased size is evident in the machinery used to seed, cultivate, and harvest under today's conditions. And larger machinery is expensive. It is not uncommon, for example, for one of the larger combines to represent an investment of \$12,000 or more.

Mechanization has made it possible and economics has made it necessary for individual farmers to operate an increasing number of acres. Some grain farmers now manage from 1,000 to 1,200 acres with little or no hired help beyond their family members. The average farm size for the province was estimated at 685 acres by the 1961 census. The use of herbicides, fertilizers and improved cultural techniques has made it possible to increase significantly yields per acre as well.

The continuing pressures to expand acreage and other capital goods used in the farming operation together with ever increasing operating costs help to explain the Western farmer's repeated call for increased sales volume and higher prices for his produce. Higher income opportunity is a very worthy incentive to bring about this improvement in the industry without reductions in living standards which for many are too low to begin with.

In recent months a number of farm organizations have come to the conclusion that increasing effort must be made to identify anew the real problems

which beset the farm and farmers, and, in at least some instances, to seek new policies and programs. In October 1966 the Ontario provincial department of agriculture arranged a province-wide conference to focus attention on what the Ontario agriculture minister said was the need for courses of action "to ensure our efficient farmers a reasonable standard of living and an adequate return on investment and to ensure to the Canadian consumer and many others in the world top quality agricultural products."

This kind of approach was considered by the Saskatchewan Federation of Agriculture at its annual meeting in Regina in December 1966 and it was agreed to propose that the three Prairie provinces be asked to convene a similar conference to investigate production and marketing questions, farm income, rural adjustment and development, land tenure and transfer, transportation, domestic and international trade. The Western Agricultural Conference which met subsequently in Winnipeg accepted the proposal from Saskatchewan and agreed to convene a conference itself if the provincial governments did not undertake to do so. Now the matter has been considered on a national basis at the Canadian Federation of Agriculture meeting in Winnipeg two weeks ago and that meeting agreed to call on the federal government to convene a national conference on farm policy and invite representatives of all 10 provinces and others to take part in it.

We are keenly interested in this proposal, Mr. Chairman, and would commend it to the members of your committee as a worthwhile subject to include in your report to Parliament. It has become increasingly important that the country as a whole appreciate the problems of agriculture and that solutions advanced take into account not only provincial and regional requirements but also those of the entire country.

Sometimes individual farmers cannot solve their own problems by themselves. An increasing number of farmers ask co-operatives like the Pool to help them with on-farm problems and they ask the Pool to seek solutions for the off-farm problems as well. This is the reason we have welcomed the visit to Regina of this Standing Committee of the House of Commons. We welcome the opportunity to tell you something about our problems and to bring to your attention the range of solutions we think will best serve our farmer members and the industry of agriculture.

All of which is respectfully submitted by  
SASKATCHEWAN WHEAT POOL  
Head Office: Regina

February 8, 1967.



## APPENDIX II

## PRAIRIE FARMERS, TARIFFS AND TRADE

A memorandum prepared by Saskatchewan Wheat Pool for presentation to the Canadian Tariffs and Trade Committee in connection with the 1964 negotiations.

1. This memorandum is presented by Saskatchewan Wheat Pool to make known the views of our member farmers on questions relating to the 1964 negotiations under the General Agreement on Tariffs and Trade and is addressed to the secretary of the Canadian Tariffs and Trade Committee. Copies have been sent to the Prime Minister and the ministers of trade and commerce, agriculture and forestry and rehabilitation. It deals first with our general position on tariffs and trade questions and second with specific comments we have about trade questions relating to the commodities our farmer members produce and the Wheat Pool handles.

2. Saskatchewan Wheat Pool is a farmer-owned co-operative and is Canada's largest single grain handling organization. Our country elevator system handles something over half of Saskatchewan's total crop: in the 1962-63 crop year our facilities handled more than 202 million bushels of grains from a total provincial crop of 383 million bushels. Our terminal facilities handle about one-third of all grain shipped through the Lakehead port and something over 10 per cent of total grain shipments through the port of Vancouver. We also operate a flour mill and a vegetable oil plant, the products of which are marketed both domestically and for export, and we handle an appreciable percentage of the province's livestock marketings through the eight markets and agencies we operate. Our active membership numbers about 75,000 farmers.

3. Our traditional attitude to trade and tariffs can best be illustrated by citing an excerpt from the policy section of our most recent annual report in which our directors said:

"The Pool has always supported the freest possible trading relations among all countries. Your directors have urged elimination of both Canadian tariff barriers to foreign produce as well as foreign restrictions to the movement of Canadian produce. This past year has highlighted the importance of this principle for Canada whose trading position in the world is far greater than her population or industrial strength would indicate. Time and again grain customers have held out for increased opportunities to market their goods in Canada before agreeing to buy. Your directors continue to support any move to improve trading opportunities between Canada and other countries."

It is because of the position illustrated in the above quotation from the 1963 annual report of Saskatchewan Wheat Pool that we take this opportunity to express our views on trade and tariff questions even though what we have to say may not advance anything you do not already know about us nor offer any specific proposals of direct assistance to the forthcoming GATT discussions.

4. We have views about a number of questions which will likely come under your purview during the GATT deliberations and it has occurred to us that you might welcome a brief restatement of our thinking on each. Consequently the following paragraphs will consider:

- (i) trade groupings in western Europe;
- (ii) The new market of Asia and the Far East;
- (iii) the underdeveloped economies and market promotion;
- (iv) the International Wheat Agreement;
- (v) trade and the Canadian economy; and
- (vi) specific comments on trade questions affecting western farmers.

#### 5. *On Trade Groupings in Western Europe*

Our member farmers have watched with keen interest formation of the European Economic Community among the Benelux countries, France, Italy and West Germany and have followed developments among the six and between them and others who seek to join. Some of these countries have traditionally been major markets for our agricultural exports and we have been disturbed at steps taken to keep our produce out of Europe. We have watched with no less interest developments among the seven (Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom) to forge a somewhat looser commercial community under the title of European Free Trade Association. We hold that as producers of quality products we stand in the long run to gain from the increased purchasing strength of economically strong partnerships abroad.

6. In February 1963 L. A. Boileau, our first vice-president, discussed some questions related to these European trade groupings and Canadian agriculture at a Public Affairs Winter Institute in Regina and concluded that despite the general concern there are some factors which remain favorable. He said:

"First, it would seem that a thriving industrial economy in Europe would offer more opportunity for imports of raw materials and food products than would a stagnant or semi-stagnant economy. Second, while in the short run there is likely to be pressure for maintenance of high domestic prices as a way of supporting individual farmers' income, in the long run this pressure is likely to be reduced. The reason for this prediction is that high levels of industrial employment and incomes tend to affect agriculture in two ways: (1) There is movement of people off farms with the result that farmers who remain can enlarge their holdings, mechanize and take other measures to increase their individual incomes. (2) There is also an increased demand for higher quality products, more meat, dairy products, etc., most of which would be supplied within Europe. While this would mean a decrease in per capita consumption of bread it is possible that consumers and the operators of automated bakeries will demand a higher quality product which will require a greater percentage of hard wheats from countries like Canada. European demand for oilseeds will expand with the result that our trade prospects in these crops should be good. . .

"When we consider that the vast bulk of our export trade with the Community is in agricultural and other primary products and relatively little in manufactured goods, it would seem advantageous to Canada to approach the EEC in a positive manner, attempting to get the best possible trade concessions on a two-way basis. While this might create some painful short-term adjustments in some Canadian industries, it would seem that the economy as a whole can only stand to gain from a general lowering of artificial barriers to trade. We are not, however, on very good ground if we advocate economic realism for European agriculture and industry without being prepared to accept the same principles for the Canadian economy."

### *On The New Markets of Asia and the Far East*

Our position on expansion of Canadian grain sales through Weat Board and Canadian government activity was clearly stated in the policy statement prepared for our 1963 annual meeting of delegates. It said:

"Pool membership and delegates have always been the strongest of supporters for The Canadian Wheat Board and its orderly system of marketing wheat, oats and barley. Performance of The Canadian Wheat Board in the past year in finding markets for the huge grain stocks have only served to consolidate the support of the majority of farmers. . . Your board wishes to record its appreciation of aggressive sales policies which have been embarked upon with full concurrence of the Canadian governments, particularly with respect to sales on credit. The Saskatchewan Wheat Pool again urges the Canadian Wheat Board and the Canadian government to continue to seek further expansion of grain sales through credit arrangements and concessional sales."

8. Expansion of Canadian grain sales into Asia has been particularly marked in the years since the Second World War as these countries came, through dietary changes and income improvement, to switch demand from rice to wheat. The United States cultivated the Japanese market in which Canadian wheat now enjoys heavy sales. On Mainland China the Canadians took the initiative, partly because they were able to offer grain for acceptable credit terms. Both the Japanese and Chinese seek to improve their trade to Canada and it is our hope that the Canadian government will continue to seek a widening of the opportunity our markets afford these Asiatic grain customers.

### *9. On Underdeveloped Economies and Market Promotion*

We have supported the Canadian government's concern for the underdeveloped and undernourished nations of the world. Although Canada's participation in aid programs (under the Colombo Plan, the United Nations Relief Work Administration, and food stockpiles for the North Atlantic Treaty Organization) have been met in large part in terms of cereal grains our farmers do not look on these as surplus disposal programs. Aside from helping those who need help, these aid programs also promote the utilization of Canadian grains in countries not our traditional customers.



### 10. *On The International Wheat Agreement*

In November 1949 at our annual meeting immediately following the signing of the first in the present series of International Wheat Agreements, our directors reported as follows:

"Your Board is satisfied that there is ample evidence to show a growing desire in all parts of the world that the objectives of the Food and Agricultural Organization of the United Nations should be realized. It will be recalled that these are (1) to organize and develop the production and distribution of food so as to raise the diet of the world's people to a better health standard and (2) to stabilize prices of agricultural products at levels fair to producer and consumer alike. There is a growing volume of opinion that these objectives can be obtained by completion of commodity agreements, of which the International Wheat Agreement is the first."

11. We have been represented at each of the international meetings to negotiate an IWA contract. Our president is a member of the advisory committee to The Canadian Wheat Board and accompanies the Canadian delegation to the world meetings. Our Secretary usually attends as an observer as well. In the years since the first agreement was negotiated our position has remained unchanged and was reiterated in November 1963 in the policy statement prepared by directors for our annual delegate meeting. It said:

"There has never been any doubt about the position of Pool members on the question of the International Wheat Agreement. While the present agreement runs until mid-1965 negotiations for its renewal may be open some time in the coming year. Because of this possibility your directors want to place on record their firm support for renewal of the I.W.A. on much the same terms as the present one, that is, with commitments by the buyers to take a given percentage of their total imports rather than a fixed amount of wheat and commitments by the sellers to supply wheat within the price range established. If world demand remains strong the maximum price may rise above the present \$2.02½ basis the Canadian Lakehead and your directors would certainly support a price rise. However, your board would urge support for keeping the maximum price at a level which would not stimulate non-economic producing countries to subsidize their domestic output."

### *On Trade and the Canadian Economy*

12. While we have tried on every occasion to inform our membership and others of the importance of trade to the Canadian economy we find that the actual experience of the current year has done more than words could to make this point to people across the country. We made this point in our 1963 policy statement which said:

"Unprecedented prospects for high wheat exports demonstrate the contribution agricultural prosperity makes to the total economy. Injection during the year of the purchasing power of the \$500 million resulting to the economy from the Russian wheat and flour deal alone, produces almost incalculable stimulus to the country's transportation facilities,

financial institutions, retail and wholesale distribution of consumers' goods, manufacturers, down to the basic producers of steel and power. Prairie farmers are not only delighted at this prospect for themselves but also because they know this kind of stimulus will help to decrease industrial unemployment and will contribute to the rate of growth of the economy as a whole."

13. We have read with interest the text of an address made by Canada's minister of trade and commerce, the Hon. Mitchell Sharp, to the 68th annual convention of the National Association of (United States) Grain and Feed Dealers in Washington, D.C., on March 5, 1964. Some of his remarks merit repetition here if only to underscore our agreement with what the minister says of the reason for Canada's vital interest in the forthcoming trade and tariff negotiations. Mr. Sharp said:

"One of the principal objectives of Canadian policy is to work towards an improved international trading environment. As an efficient producer and unsubsidized exporter of cereals, Canada is seeking to bring about a trading environment in which we can compete on fair and equitable commercial terms against production in importing countries and exports from other supplying countries.

"The central problem facing the agricultural exporters, and this is especially true of cereals, is agricultural protectionism. It is also a very complex problem. It is perhaps the most difficult problem in world trade. High price supports have provided artificial incentives for uneconomic production and the subsequent accumulation of surpluses. They have brought in their train a multiplicity of import restrictions and export subsidy devices.

"Those of us who have over the years supplied the needs of the countries of Western Europe, are concerned, for example, lest the process of protection and restriction be further advanced and refined with the establishment of the European Common Market. Because of the central importance of wheat and coarse grains, the regulations on cereals have been set up as a model. Their simplicity and symmetrical elegance reveal all too clearly their purpose. A variable levy is imposed to bring the price of imported grain at or above the level of the domestic support price; the levy is in turn converted into an export subsidy in order to effect export sales.

"We pride ourselves on producing the best quality wheat in the world. Fortunately, it is also largely complimentary to the soft wheats grown in Europe. Traditionally, European millers have required hard high protein wheats from Canada and the United States to produce the kind of flour and bread which the consumer has been accustomed to. We hope they will continue to do so, but it is cold comfort indeed if the price of our wheats should be raised by the import levy so high as to offset the quality premiums which they now command over domestic wheat. Unless exporting countries maintain and improve their terms of access to Community markets, they could be caught in the long-term by the logic of the EEC

cereals policy. We could eventually be reduced to the position of residual suppliers and of competing against EEC subsidized exports in world markets."

14. Mr. Sharp discusses a disturbing problem and his words on it are repeated here to indicate to you that we appreciate the nature of the problem and look to your efforts to work towards its solution. Mr. Sharp concluded his comments by saying—and in this he has our fullhearted support—that he hopes "the great experiment of the Common Market...will develop into an outward looking and expanding economy with liberal trading policies." We look also towards the liberalizing of trade between Canada and all countries.

#### *Specific Comments on Questions of Trade and Tariffs*

15. In addition to the foregoing general comments we want also to say something about trade in the commodities in which our member farmers have the greatest direct interest. These include the cereal grains, oilseeds, flour, livestock and meat products. In some of these commodities the western farmer enjoys a form of agricultural protectionism which may seem to furnish him with an unusual vantage point from which to make argument for the elimination of trade barriers and restrictions. Our specific comments are related to this point.

16. Protection is afforded both for the cereal grains and for live and dressed animals and mainly benefit the livestock industry. The movement of wheat, oats and barley into Canada is restricted by The Canadian Wheat Board which can and often does prohibit import of these grains. The movement of both livestock and meat products into and out of Canada is subject to both levies and quotas. What we are saying in this memorandum is that despite these forms of agricultural protectionism our member farmers advocate a lessening of trade barriers and restrictions between Canada and all countries and are in fact prepared to advocate reduction of these forms of Canadian protection in the course of acquiring a further freeing of world trading opportunities for Canada. In the meantime we are gratified to know that present limitations on the movement of both livestock and dressed animals is slight between Canada and the United States and does not thwart the effective interplay of both demand and supply in the continental meat market.

17. The question of flour is somewhat different. Saskatchewan Wheat Pool manufactures flour at its Saskatoon mill and sells a portion of this output in the export market in competition with the flour of other countries manufactured in many cases under subsidized conditions of one kind and another. We do not like this situation and would support every effort undertaken by Canada to eliminate subsidized flour from international trade. The greatest offender is the United States, although countries of the European Economic Community have a common agricultural policy which also restricts the movement of flour.

18. We also manufacture vegetable oils and mealcake from rape and flax crops grown in Saskatchewan and market their products domestically and in foreign trade. There have been times when we have been under pressure to seek protection for this manufacturing industry but have resisted the temptation. The pressure has come from the fact that our rapeseed oils cannot always meet the



iff competition from Ontario-produced soybean oil, particularly at times when nited States soybeans are available to Ontario mills in such quantities as to duce the price of both the imported beans and Ontario-produced beans below estern Canadian rapeseed. This situation does not arise alone from the United ates exports but from other countries as well. Protection for Canadian oilseeds ould benefit both the eastern producers of soybeans and western rapeseed roducers and processors. It is our considered view, however, that the grain ndustry would be better off in total if it can continue to produce outside of irect protection.

19. The purpose of this memorandum is to draw to your attention while you re preparing to meet the 1964 GATT negotiations the considered view of our embers farmers about questions of tariffs and trade. Many of our views are raditionally known and will be familiar to your committee members. However, ven though this memorandum may contribute nothing to your preparation for he negotiations we believe the expression of our support may be appreciated at his time. As we said at the outset, the Pool has always supported the freest ossible trading relations among all countries.

20. This memorandum does not in our view require to be spoken to. How- ver, if you find we can contribute further to your deliberations do not hesitate o call on us. We are attaching a copy of the full text of the policy statement approved by our 1963 annual meeting of delegates.

All of which is respectfully submitted,  
SASKATCHEWAN WHEAT POOL  
Head Office, REGINA.

Copies to:  
Canadian Committee on Tariffs and Trade 9.  
Prime Minister's Office 3.  
Hon. Mr. Mitchell Sharp 1.  
Hon. Mr. Harry Hays 1.  
Hon. Mr. Maurice Sauve 1.

April 6, 1964.

## APPENDIX III

MEMORANDUM ON QUESTIONS OF GRAIN MARKETING  
Raised by  
CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED  
Representing the Wheat Pools of Alberta  
Manitoba and Saskatchewan.

The members of Canadian Co-operative Wheat Producers Limited, which are the three Wheat Pools, have had under consideration for some months a number of questions having to do with Canadian grain marketing. This memorandum concerns those questions and was made available on May 19, 1966 to Members of the Canadian grain trade called to a meeting in Winnipeg by the Board of Grain Commissioners for Canada.

Canadian Co-operative Wheat Producers Limited is spokesman for its members which are Alberta Wheat Pool, Manitoba Pool Elevators and Saskatchewan Wheat Pool. Together these three Pools represent some 160,000 grain producers in the three Prairie provinces. The three Pools maintain country elevators in each of the three Prairie provinces, terminal elevators at both the Canadian Lakehead and at Vancouver, and offices in Winnipeg for the purchase and sale of grains as agents for the Canadian Wheat Board. The Pools handle a significant percentage of total Canadian grains for the majority of Canadian grain producers.

While the meeting called by the Board of Grain Commissioners for Canada in Winnipeg on May 19, 1966 was said to be concerned mainly with questions relating to the grading and handling of grains, this memorandum attempts to extend the scope of the meeting to wider questions having to do with grain marketing. In presenting these questions for discussion, the Wheat Pools do not take a position of any of the issues raised but raise them as a basis for discussion.

The three Wheat Pools do recognize the important grain marketing functions performed by various departments of the federal government, The Canadian Wheat Board and other agencies and commend each for their contribution to the increase in Canadian grain marketings. However, the Wheat Pools believe that Canadian grain marketing policies and practices require frequent review to assure they continue to be the best possible policies and practices. The Wheat Pools also believe that alternative policies and practices ought to be considered from time to time to assure that Canada remains a leader among world countries trading in grains.

The following questions are introduced in this memorandum because the three Wheat Pools believe they are questions of major importance to Canada's grain industry and should be given serious consideration by a wide representation of the Canadian grain trade. It would be hoped that any committee estab-

shed for future study of questions raised at this Winnipeg meeting would have included in its terms the questions contained in this memorandum.

*How adequate is Canada's grading system to meet the needs of foreign customers?*

Individual grain cargoes leaving Canada (particularly those from the West Coast) vary considerably in bushel weight, moisture content and proteins. Some United States exporters are offering cargoes or even mill mixes with specific guaranteed performance characteristics. Should Canada be considering some changes of this sort? What about changing to the metric system of weights?

*2. What can be done to expand the commercial market for Canadian wheat?*

Are there any marketing techniques which would help the Canadian Wheat Board, the Department of Trade and Commerce and the grain trade to sell more Canadian wheat?

*3. Can exporting arrangements for Canadian wheat be improved?*

It has been suggested that international export firms place no particular priority on Canadian wheat over that from any other country. Similarly, importing firms in the countries of destination seldom give special attention to the origin of grain being handled. In this connection could importing firms be given some added incentive (possibly a shared program of advertising promotion) which would increase the use of Canadian wheat? Should Canadian grain producers consider entering the export business as a joint venture?

*4. How adequate is the present activity in market promotion?*

Canadian trade commissioners have useful local contacts but are responsible for promotion of a vast range of Canadian products. Can there be an adequate job for Canadian grains without a more specialized knowledge than they now have? Is the Canadian Wheat Board's technical services and market research staff large enough to do an effective job? In what other ways can Canadian grain be promoted in foreign markets?

*5. Should Canadian farmers and their organizations follow the lead taken by American farmers in setting up promotional programs of their own?*

Should steps be taken to encourage an increase in trade missions from Canada to existing potential markets (such as the oilseeds missions to Japan and Europe)? Should producers have milling specialists able to travel and advise mill operators on the special techniques required to make the best use of Canadian wheat? Saskatchewan Pool's flour mill manager has done a limited amount of this with favourable results.

*6. What effect will increased automation in the milling and baking industry around the world have on demand for Canadian wheat?*

Will split-second control make it possible for bakers to utilize flour with less strength and therefore reduce the relative advantage of Canada's strong wheat? When is this likely to become an important factor?



7. *Could Canada promote useful relationships with management and owners of new flour mills being built in developing countries?*

If management of a new mill could be induced to commence operations with a shipment of Canadian wheat a continuous market might be created with less effort than that required to persuade management to change to Canadian wheat after adjusting its operations first to wheat from another origin. Would some concessional terms be justified to establish this sort of arrangement, even to the extent of providing a gift shipment for trial purposes? A limited program in which students of milling techniques are brought to Canada for several weeks or months of study has been carried out by the Wheat Board, by the Board of Grain Commissioners and by the Central Board of the three Wheat Pools. Should this program be expanded?

8. *Can the government do more to assist flour exports?*

Millers find great difficulty in competing on world markets against subsidized U.S. millers. Would Canada consider reinstating the flour mill export subsidy by taking funds from the federal treasury rather than from the Canadian Wheat Board? Is government support necessary to retain a milling industry in Canada?

9. *Can food be used to a greater extent as development capital?*

In some countries food has been used as part of the wages of workers engaged in capital works projects. While such projects must be carefully examined for their effect on the domestic agriculture of the recipient country, it would seem that there are many areas of the world where such programs could be a genuine assistance to economic development. Can wheat and other Canadian food products be used to a greater degree under Canada's foreign aid programs?

10. *Could international organizations be persuaded to use larger quantities of wheat in aid for underdeveloped and developing countries?*

Wheat has a marked nutritional advantage over rice in terms of protein content and some of the essential minerals. Would organizations such as FAO, WHO, UNRWA and others be prepared to assist with suitable educational activities?

11. *Is there a market for non-bread wheat as human food in developing countries?*

In many parts of the world bread as such is unknown but rice and other cereal (either boiled or fried) form a significant part of the diet. Could some wheat product in a form that could be prepared in a cooking pot or a frying pan with little fuel be introduced in these countries? Could a useful market survey be undertaken to ascertain whether a non-bread cereal would be marketable to Canada's advantage? Could there be a useful dialogue between plant breeders and marketing officials so the grain produced would best fit the requirements of buyers? Is there an entirely new crop such as the wheat-rye cross developed at the University of Manitoba, which could usefully fit the requirements of a feed and a non-bread human food crop?

2. *Is there a market for wheat as livestock feed?*

Plant breeders have developed strains of wheat with yield potential 40-60 per cent above our present licensed varieties. These strains are not acceptable for licensing under present Canadian policy because of low milling and baking quality. But if they could be easily segregated could they be licensed as feed wheat?

3. *What can be done to improve the prospects for export of feed grains in Canada?*

Some of the more highly developed countries, particularly those in the European Economic Community, anticipate difficulty in supplying enough feed grains for their projected increase in livestock populations. Substantial quantities of corn, millets, sorghums, soybeans and barley have been moving to Europe from United States. Are there ways in which Canada can share in this increased market?

14. *Are there other uses for wheat which can be usefully explored?*

Federal government researchers have developed processing techniques for potatoes, fish and other products in order to broaden their potential markets. In the United States, considerable work has been done to develop wheat food products such as bulgur, redi-wheat, Nebraskits, and a wide range of non-food or industrial products utilizing wheat. Could some additional work be done in Canada to investigate alternative food or non-food uses for wheat?

Canadian Co-Operative Wheat Producers Limited

Representing:

Alberta Wheat Pool

Manitoba Pool Elevators

Saskatchewan Wheat Pool

Regina

May 18, 1966.

## APPENDIX IV

MEMORANDUM TO THE GOVERNMENT OF CANADA  
CONCERNING THE EXTENSION OF CANADIAN  
WHEAT BOARD JURISDICTION TO THE  
MARKETING OF RYE, FLAX  
and RAPESEED.by  
WESTERN AGRICULTURAL CONFERENCE  
of  
THE CANADIAN FEDERATION OF AGRICULTURE

In Ottawa, May 20, 1966.

Memorandum To The Government of Canada Concerning the Extension of Canadian Wheat Board Jurisdiction To the Marketing of Rye, Flax and Rapeseed Crops.

1. *Introduction*

This memorandum was prepared by the farm organizations which comprise the Western Agricultural Conference of the Canadian Federation of Agriculture to support their proposal that Canadian Wheat Board jurisdiction be extended to the marketing of rye, flax and rapeseed.

The Western Agricultural Conference is a kind of federation whose members are themselves farm organizations, including the Alberta Federation of Agriculture, the Manitoba Farm Bureau and the Saskatchewan Federation of Agriculture. The members of these are in turn provincial farm organizations. The Wheat Pools of Alberta, Manitoba and Saskatchewan are each members of their respective provincial federations. United Grain Growers Limited, a Prairie-wide organization, is a direct member of the Western Conference.

This proposal has been advanced by farm organizations on many previous occasions. The most recent resolution which originated among the member organizations of the Western Agricultural Conference and was given approval at the annual meeting of the Canadian Federation of Agriculture in Toronto in January 1966 read as follows:

"WHEREAS farmers and farm organizations have for many years been in favor of flax, rye and rapeseed being included under the jurisdiction of the Canadian Wheat Board yet no action has been taken by the government;

THEREFORE BE IT RESOLVED:

- (1) That the federal government be requested to add flax, rye and rapeseed to the Canadian Wheat Board's jurisdiction by necessary legislation;
- (2) That a plebiscite of producers of these commodities be held; and



- (3) That the Western Agricultural Conference convene a conference of all interested groups to achieve joint action.

This memorandum discusses the proposal from the following points:

- (i) The production and marketing of rye, flax and rapeseed.
- (ii) The development of present Wheat Board jurisdiction.
- (iii) Arguments in support of the proposal to extend the jurisdiction.
- (iv) Suggestions about determining Western Canadian support for the proposal.
- (v) Summary of conclusions and recommendations.

## 2. The Production and Marketing of Rye, Flax and Rapeseed

Rapeseed is grown exclusively in the three Prairie Provinces, the area in which the Wheat Board has jurisdiction for marketing, and by far the largest percentage of Canadian rye and flax also are grown by Prairie producers who already come under Wheat Board jurisdiction for some of their crops. The table in Appendix A indicates acreage and production for these three crops in 1955 and in the last three years and the data show that each of these crops is becoming more important to grain producers who seek alternatives to their traditional wheat.

A significant portion of each of these grains is exported either as seed or in a processed form. The following data indicates the extent to which Canadian production in the last three years has been exported:

	PRODUCTION (1)	EXPORT (2)		
		('000 bushels and bushel equivalent)		
		As Seed	As Oil	Total
	('000 bushels)	(bus.)	(bus. equivalent)	
<b>RYE</b>				
1962-63.....	12,848	7,310	—	7,310
1963-64.....	12,220	5,501	—	5,501
1964-65.....	16,695	4,857	—	4,857
<b>FLAX</b>				
1962-63.....	21,136	12,566	429	12,995
1963-64.....	18,855	13,638	594	14,232
1964-65.....	27,954	14,346	1,335	—
<b>RAPSEED</b>				
1962-63.....	8,860	5,802	15	5,817
1963-64.....	11,064	5,211	22	5,233
1964-65.....	22,800	9,235	—	9,235

SOURCE: (1) D.B.S.

(2) Board of Grain Commissioners for Canada (*Canadian Grain Exports*) Selected Years.

All three crops now are traded on the Winnipeg Grain Exchange. Individual producers deliver their grains to country elevators, when delivery quotas are available, and take in return the available street price of that day. The country

elevator operators in their turn offer the grain for sale at negotiated prices and move it to export position or domestic location when shipping orders and boxcars become available for shipment.

The price paid to the producer for these grains is arrived at in the following manner:

- (i) For each of rye, flax and rapeseed there is a *spot price* quotation on the Winnipeg Grain Exchange. This the price each grain will command in spot position at export terminals. The spot for rye and flax is quoted for Lakedhead positions and for rapeseed at Vancouver.
- (ii) Each day the Spreads Committee of the Winnipeg Grain Exchange determines the *street price* on the basis of the quoted spot prices, hedged options, and the supply and demand of these grains in export location. This street price is broadcast daily and is the price applicable at country elevators for grain purchased from producers.

Street prices for the period January 1, 1966 to April 20 are shown in Appendix B and indicate the following variations;

	High for Period	Low for Period	Variation
For 2CW Rye.....	1.32 on Jan. 14	1.07½ on Apr. 5	25 cents
For 1CW Flax.....	2.91 on Jan. 26	2.73 on Apr. 20	18 cents
For 1CRS Rapeseed.....	2.60½ on Feb. 4	2.36½ on Jan. 4	24 cents

The cost of handling these grains from the time of purchase from the producer to delivery to export position amounts to about 20 cents a bushel and includes the elevation tariff, commission, cleaning, weighing and inspection, rail shrinkage, invisible loss, freight on dockage. Country elevator agents who have purchased the grains from producers at the street prices hedge the purchase on the Exchange and then sell the grains at export location for a price negotiated with the purchaser, attempting to achieve a premium above the purchase price and cost of handling.

Spot prices for the same period are shown in Appendix C. It will be seen that these vary more than do the street prices. The variation for the period under review was as follows:

	High for Period	Low for Period	Variation
For 2CW Rye (Lakehead).....	1.39½ on Feb. 14	1.27½ on Apr. 5	12 cents
For 1CW Flax (Lakehead).....	3.08½ on Jan. 26	2.89½ on Jan. 10	18½ cents
For 1CRS Rapeseed (Vancouver).....	3.62½ on Jan. 28	2.60 on Mar. 22	\$1.02½

### 3. Development of the Present Wheat Board Jurisdiction

The Canadian Wheat Board was established by act of Parliament in 1935 with power to "undertake the marketing of wheat in interprovincial and export trade" offered to the Board by producers in the designated area in the three

prairie provinces and portions of British Columbia. Since then its powers have been extended in a number of ways to accommodate the wishes of Parliament, the market and the producers.

Interestingly enough, at least one of its original powers was removed from the legislation. The original act allowed the governor-in-council to approve the provisions of the act for oats, barley, rye and flax produced in the designated area "if the Board recommends that such approval be given". This power was removed from the act in 1939 for reasons which appear to relate to the Supreme Court of Canada decision to reject as ultra vires of Parliament the federal Natural Products Marketing Act. In 1947 when the Wheat Board Act was amended to allow extension of the Board's powers to the marketing of oats and barley the amendment required enabling legislation<sup>1</sup> in the provinces affected.

During the years, the Wheat Board legislation has been amended or found sufficient to accommodate additional powers including the following:

(i) In 1940 the Board was given authority to regulate deliveries of all wheat, oats, barley, rye and flax. Later rapeseed was added to the regulated list. This regulation eventually brought into being the delivery quota book.

(ii) During the Second World War the Board assumed administration of the program to provide farm storage payments and also the collection of a processing levy on wheat and wheat products utilized in Canada for human consumption.

(iii) During the war the Board was also empowered as the sole marketing agency for commercial flaxseed and was authorized under an arrangement with the wartime Vegetable Oil Controllers to purchase at a guaranteed price sunflower seed and rapeseed produced in the Western Provinces. These powers were discontinued after the war.

(iv) In 1943, before oats and barley came under direct Board jurisdiction, equalization funds were established for these coarse grains and the Wheat Board was empowered to assess equalization fees against permits issued for their export. The fee was equal to the difference between the wartime controlled domestic price and the higher export price oats and barley commanded and was distributed to producers who delivered these grains. Later the federal government undertook guarantees in respect to the equalization funds and advance payments were then made by the Board to producers at the time of delivery.

(v) In 1943 the federal government suspended trading in wheat futures on the Winnipeg Grain Exchange and the Wheat Board took over complete control in the marketing of all wheat delivered to country elevators in the designated area. Since then the Board's role in marketing wheat has been absolute.

(vi) In 1945 the federal government empowered the Wheat Board to maintain minimum prices for both oats and barley through purchases of either futures or cash oats and barley. In 1947 the Wheat Board Act was amended to

<sup>1</sup> Enabling legislation in Alberta is *The Alberta Coarse Grain Marketing Control Act* (SA 1949 c. 25), in Manitoba, *The Manitoba Coarse Grain Marketing Control Act* (RSM 1954 c. 41) and in Saskatchewan, *The Saskatchewan Grain Marketing Control Act* (RSS 1953 c. 219). While legislation in Alberta and Manitoba deals only with oats and barley the Saskatchewan legislation affects grain as defined in *The Canadian Wheat Board Act* which includes wheat, oats, barley, rye, flax and rapeseed.



allow extension of Board powers over oats and barley and in 1948 the powers were extended. However, the Board still does not control prices of oats and barley as it does for wheat.

(vii) The Wheat Board was empowered by Parliament to administer both the Canada-United Kingdom Wheat Agreement and later the International Wheat Agreement.

(viii) In the 1952-53 crop year the Wheat Board Act was amended to provide for the transfer to a special account the undistributed balances of payments due to producers and which had been outstanding for more than six years. The funds in this special account have since been used to finance visiting Wheat Board missions, technical services and other sales promotional activities.

(ix) When Parliament enacted the Prairie Grain Advance Payments Act in 1957 the Wheat Board was empowered to make arrangements with the elevator companies to act as agents for the Board for the purpose of making provisional payments and receiving repayments.

This brief resume indicates the extent to which the jurisdiction of the Canadian Wheat Board has been extended over the years. Some extensions followed the advice of producers, some were dictated by war and its aftermath and some were directed by actual market conditions. There appears to be no barrier to extending Wheat Board powers to the handling of rye, flax and rapeseed.

#### 4. *Argument in Support of the Proposal to Extend Wheat Board Jurisdiction To Flax, Rye and Rapeseed*

The Western Agricultural Conference of the Canadian Federation of agriculture is persuaded to advocate the extension of Wheat Board jurisdiction to the marketing of rye, flax and rapeseed for a number of reasons, including the following:

(i) Since 1940 the Wheat Board has had jurisdiction to regulate the delivery of all Prairie-grown wheat, oats, barley, rye, flax and rapeseed. While the Wheat Board pools the proceeds of the sales of wheat, oats and barley by grades and averages the net return on these crops to all producers this kind of pooling is not undertaken for rye, flax and rapeseed. For rye, flax and rapeseed the farmer must take the going street price and deliver these crops when there is a quota. But because of the delivery quota system producers cannot always deliver to meet a favorable price. Producers represented by this submission contend that if the Wheat Board is to continue to control delivery opportunity for rye, flax and rapeseed producers of these crops are placed at a disadvantage unless the Board also assumes some responsibility for marketing these crops and pooling the returns to all producers who deliver.

(ii) Grain elevator companies which buy and sell these grains sometimes have a similar problem. When they take delivery of these crops grain companies hedge the purchase on the Winnipeg Grain Exchange and then attempt to sell for a premium gain. Because of Wheat Board regulation of country elevator shipping orders companies frequently cannot take advantage of existing market premiums. With Wheat Board marketing of rye, flax and rapeseed the Board could

program movement of these grains into export position as required and the premium would tend to disappear. However, losses incurred would be shared by all producers marketing these grains and would not arise because of chance delivery to export locations.

(iii) Improvement in the marketing arrangements of these three grains through the Wheat Board would likely encourage some farmers to produce them who do not do so now. The result of increased diversification of field crop production would improve the farm income for those farmers who diversify in this direction and would likely result in increased delivery opportunity for those who remain solely in wheat production. The argument that farmers want to maintain rye, flax and rapeseed crops as so-called cash crops no longer applies to any significant degree. And for those who do market these grains the Wheat Board could offer greater stability in farm income through the pooling operation.

(iv) Foreign purchasers who are visited by Canadians on travelling missions say that they would prefer to buy their requirements from a single selling agency that could assure more uniform delivery arrangements. While Canadian flax and rapeseed do compete on a rather wide market against many alternative oilseeds, individual foreign purchasers say their processing facilities are geared to a given oilseed and for them there is no real alternative in the short-run. A single selling agency would provide for them some of the conditions of purchase they seek and the Canadian Wheat Board has the machinery and experience to provide this marketing service.

(v) In the case of the oilseeds in particular, there is great need for a consistent and organized promotion campaign in potential foreign markets. This proposal has been urged by two separate oilseed missions. A Canadian oilseeds trade mission to Europe in the fall of 1961 recommended this in the following words:

"In view of the importance and value to Canada of our export trade in oilseeds and products (\$100 million annually), it is recommended that the Department of Trade and Commerce consider an expansion of their trade promotional activities on behalf of Canadian oilseeds and oilseed products by means of more intensified market development projects, similar to those being carried out by competitive supplying countries."

A Canadian Oilseeds Trade Mission to Japan in the spring of 1964 recommended similarly in the following words:

"The mission recommends that consideration should be given in Canada to the feasibility of adopting a market development program for Canadian oilseeds, similar to the extensive activities being carried out on behalf of competitive oilseeds."

The Canadian Wheat Board offers the best available machinery and experience for marketing promotion campaigns as well as for the actual marketing function.

(vi) Producers are aware that costs are involved in the marketing of any commodity whether by a controlled agency or the so-called free market and they contend that the Wheat Board machinery could handle rye, flax and rapeseed more efficiently than any possible alternative. Producers also are aware that the

Wheat Board may have little if any influence on actual selling price for grains and oilseeds which sell on international markets where alternatives are available and competition stiff. The possibility for uniformity of returns to the producer through the pooling of final market results is a main argument for supporting the extension of Wheat Board marketing of rye, flax and rapeseed.

#### *5. Suggestions About Determining Western Canadian Support*

The Western Agricultural Conference contends that both the provincial governments of the Western provinces and the producers who deliver these grains would support this extension of Canadian Wheat Board jurisdiction.

When the Wheat Board's jurisdiction was extended to oats and barley in 1948 the provincial legislatures in Alberta, Manitoba and Saskatchewan enacted enabling legislation. The Saskatchewan legislation appears sufficient to enable this extension of Wheat Board powers to rye, flax and rapeseed and if legislative amendment is required in Alberta and Manitoba it would likely be available without undue delay.

As for the producers, there already is ample evidence of widespread support for extension of Board jurisdiction to rye, flax and rapeseed. The Canadian Federation of Agriculture has passed resolutions urging this extension on many occasions in recent years. If the federal government considers this support insufficient an opinion poll or plebiscite as suggested by the recent C.F.A. resolution could be undertaken. However, such an opinion poll or plebiscite would be costly to conduct and in our view unnecessary in the light of general farm organization support already expressed.

If there is to be a formal plebiscite as the C.F.A. resolution suggests, it is our view that it be conducted by mail among those Prairie producers who have grown rye, flax and rapeseed in any one of the three most recent crop years.

If there is to be an informal opinion poll it is our view it should also be conducted by mail among all grain producers with a Wheat Board delivery permit and should provide opportunity for these producers to say whether they have grown rye, flax or rapeseed in any one of the three most recent years. It is our view that all producers should have opportunity to cast an opinion poll because: (1) those who now produce these grains and intend to continue would have an improved marketing system; (2) those who do not produce them may find greater encouragement to diversify their cropping into rye, flax and rapeseed because of the improved marketing conditions; and (3) those who do not produce these and have no intention of changing their production may find because others diversify into rye, flax and rapeseed that they have greater delivery opportunity for, say, wheat, oats and barley.

#### *6. Summary of Conclusions and Recommendations*

In conclusion the following may be said in support of the Canadian Federation of Agriculture proposal that powers of the Canadian Wheat Board be extended to the marketing of rye, flax and rapeseed:

(i) The farm organizations which support this submission represent a large majority of grain producers in the three Prairie provinces.



(ii) The production of rye, flax and rapeseed is increasing and most of the Canadian production of these three grains occurs on farms within the Wheat Board's jurisdiction in Western Canada.

(iii) A significant portion of each grain is sold on the export market either seed or in processed form.

(iv) The prices of all three grains vary considerably. Street prices, which are the producers' price, have varied 25 cents on rye, 18 cents on flax and 24 cents on rapeseed, between January 1 and April 20, 1966; spot prices applicable to grain in export position at the Lakehead and Vancouver have varied 12 cents for rye, nearly 19 cents for flax and \$1.02 for rapeseed.

(v) While the Canadian Wheat Board was established to market wheat in interprovincial and international trade its powers have been extended in many ways. Some of the new powers have been sought by producers, some dictated by war and its aftermath, some directed by Parliament, and some by changing market conditions.

(vi) Because the Wheat Board has power to regulate delivery of rye, flax and rapeseed to country elevators, producers argue the Board should also assume the marketing power because producers are frequently not able to take advantage of the changing market price.

(vii) Foreign purchasers have often said they prefer to buy their requirements of rye, flax and rapeseed from a single selling agency where uniform delivery arrangements could be assured.

(viii) In the case of oilseeds in particular, both producers and foreign buyers have increased sales promotion and the Wheat Board is the most suitable Canadian organization to undertake increased sales promotion of Canadian grains.

(ix) Wheat Board control of these grains would likely encourage diversity of Prairie grain production, bringing increased benefits to those who increase their production of rye, flax and rapeseed and also to those who remain in the production of other grains.

(x) While the Western Agricultural Conference contends there is already indication of wide producer support for this proposal, those who present this submission would support a decision by the government to conduct either a formal plebiscite or informal opinion poll on the question and would be prepared to advise on preparation of either.

Respectfully submitted by:

WESTERN AGRICULTURAL CONFERENCE OF THE  
CANADIAN FEDERATION OF AGRICULTURE.

## SUB-APPENDIX A

RYE, FLAX AND RAPESEED ACREAGE AND PRODUCTION  
PRAIRIE PROVINCES—SELECTED YEARS

	RYE		FLAX		RAPESEED	
	Acreage ('000)	Production ('000 bu.)	Acreage ('000)	Production ('000 bu.)	Acreage ('000)	Production ('000 lbs.)
ALBERTA						
1955.....	174	3,450	248	3,000	8	3,200
1963.....	200	3,180	303	3,700	200	143,000
1964.....	182	3,500	350	4,100	368	285,000
1965.....	200	4,600	414	5,700	735	475,000
MANITOBA						
1955.....	83	1,700	531	4,600	5	3,380
1963.....	107	2,400	820	9,300	51	43,000
1964.....	149	3,100	984	9,300	70	58,400
1965.....	151	3,400	1,160	13,500	145	130,000
SASKATCHEWAN						
1955.....	450	8,200	1,030	13,600	123	49,200
1963.....	275	5,600	506	7,300	232	253,000
1964.....	289	4,100	521	4,500	262	210,000
1965.....	340	7,300	610	7,900	555	535,000
PRAIRIES TOTAL						
1955.....	707	13,350	1,809	21,200	136	55,780
1963.....	582	11,180	1,629	20,300	483	443,000
1964.....	620	10,900	1,855	17,900	700	553,400
1965.....	691	15,300	2,184	27,100	1,435	1,140,000
ALL CANADA						
1955.....	780	14,744	1,988	21,498	136	55,780
1963.....	651	12,848	1,685	21,136	483	443,000
1964.....	680	12,220	1,917	18,855	700	553,400
1965.....	746	16,695	2,239	27,954	1,435	1,140,000

SOURCE: D.B.S.

## SUB-APPENDIX B

STREET PRICES (DAILY CLOSING BROADCASTS) FOR RYE, FLAX AND RAPESEED  
AT HAGUE, SASKATCHEWAN, FOR VARIOUS DATES SINCE  
DECEMBER 31, 1965.

Net Street Prices are those paid at the country elevator to farmers delivering grain and include freight to seaboard. Hague was selected because it is centrally located in the Prairie provinces. The freight rate per hundredweight for Hague is 24.5 cents to Lakehead and 26.5 cents to Vancouver.)

DATE	RYE 2CW	FLAX 1CW	RAPESEED 1CRS
Dec. 31, 1965.....	1.19	2.84½	2.22½
Jan. 4, 1966.....	1.21½	2.86½	2.26½
5.....	1.23	2.86	2.27½
6.....	1.23½	2.85½	2.29½
7.....	1.26	2.85½	2.31½
10.....	1.26	2.82	2.30½
11.....	1.26½	2.82	2.40½
12.....	1.27½	2.84½	2.55½
13.....	1.30½	2.85	2.52½
14.....	1.32	2.88	2.46½
17.....	1.27	2.87	2.37½
18.....	1.27½	2.87	2.44½
19.....	1.27	2.87½	2.45½
20.....	1.25	2.86½	2.47½
21.....	1.24½	2.85½	2.49½
24.....	1.24½	2.88	2.52½
25.....	1.24	2.90	2.49½
26.....	1.22	2.91	2.50½
27.....	1.21½	2.90	2.50½
28.....	1.23	2.87½	2.54½
31.....	1.21	2.85	2.54½
Feb. 1.....	1.22	2.83	2.45½
2.....	1.22	2.83	2.42½
3.....	1.23	2.86	2.45½
4.....	1.23	2.84½	2.60½
7.....	1.24½	2.83½	2.57½
8.....	1.22½	2.81½	2.50½
9.....	1.23	2.85	2.51½
10.....	1.21	2.84	2.44½
11.....	1.21	2.83	2.45½
14.....	1.21	2.84½	2.46½
15.....	1.21	2.86½	2.42½
16.....	1.19½	2.88	2.39½
17.....	1.17½	2.86½	2.40½
18.....	1.17	2.87	2.43½
21.....	1.16½	2.86½	2.42½
22.....	1.16	2.85	2.41½
23.....	1.15½	2.82	2.38½
24.....	1.14	2.81½	2.32½
25.....	1.13	2.82	2.31½
28.....	1.11½	2.80	2.29½



AGRICULTURE, FORESTRY AND  
RURAL DEVELOPMENT

Feb. 8, 1967

SUB-APPENDIX B—Continued

	DATE	RYE 2CW	FLAX 1CW	RAPESEED 1CRS
Mar.	1.....	1.13	2.82	2.32 $\frac{1}{2}$
	2.....	1.12 $\frac{1}{2}$	2.82 $\frac{1}{2}$	2.35 $\frac{1}{2}$
	3.....	1.11	2.83 $\frac{1}{2}$	2.37 $\frac{1}{2}$
	7.....	1.13 $\frac{1}{2}$	2.84 $\frac{1}{2}$	2.40 $\frac{1}{2}$
	8.....	1.11 $\frac{1}{2}$	2.80 $\frac{1}{2}$	2.37 $\frac{1}{2}$
	9.....	1.12 $\frac{1}{2}$	2.78	2.36 $\frac{1}{2}$
	10.....	1.12 $\frac{1}{2}$	2.76 $\frac{1}{2}$	2.35 $\frac{1}{2}$
	11.....	1.13	2.77 $\frac{1}{2}$	2.38 $\frac{1}{2}$
	14.....	1.12	2.77	2.37 $\frac{1}{2}$
	15.....	1.13 $\frac{1}{2}$	2.78	2.36 $\frac{1}{2}$
	16.....	1.13	2.80 $\frac{1}{2}$	2.36 $\frac{1}{2}$
	17.....	1.11	2.77	2.32 $\frac{1}{2}$
	18.....	1.10	2.76	2.34 $\frac{1}{2}$
	21.....	1.09 $\frac{1}{2}$	2.74	2.32 $\frac{1}{2}$
	22.....	1.08 $\frac{1}{2}$	2.74	2.30 $\frac{1}{2}$
	23.....	1.09	2.74 $\frac{1}{2}$	2.32 $\frac{1}{2}$
	24.....	1.10	2.75 $\frac{1}{2}$	2.34 $\frac{1}{2}$
	25.....	1.10 $\frac{1}{2}$	2.75 $\frac{1}{2}$	2.36 $\frac{1}{2}$
	28.....	1.10	2.75 $\frac{1}{2}$	2.36 $\frac{1}{2}$
	29.....	1.09	2.74 $\frac{1}{2}$	2.33 $\frac{1}{2}$
	30.....	1.08 $\frac{1}{2}$	2.74	2.35 $\frac{1}{2}$
	31.....	1.08	2.74	2.35 $\frac{1}{2}$
Apr.	1.....	1.08	2.74	2.38 $\frac{1}{2}$
	4.....	1.08	2.73	2.36 $\frac{1}{2}$
	5.....	1.07 $\frac{1}{2}$	2.73 $\frac{1}{2}$	2.37 $\frac{1}{2}$
	6.....	1.09	2.75	2.38 $\frac{1}{2}$
	7.....	1.10	2.75	2.38 $\frac{1}{2}$
	11.....	1.11	2.75 $\frac{1}{2}$	2.38 $\frac{1}{2}$
	12.....	1.11 $\frac{1}{2}$	2.75	2.40 $\frac{1}{2}$
	13.....	1.13	2.74	2.39 $\frac{1}{2}$
	14.....	1.12 $\frac{1}{2}$	2.74 $\frac{1}{2}$	2.40 $\frac{1}{2}$
	15.....	1.12 $\frac{1}{2}$	2.75 $\frac{1}{2}$	2.43 $\frac{1}{2}$
	18.....	1.13	2.75	2.45 $\frac{1}{2}$
	19.....	1.11 $\frac{1}{2}$	2.74	2.46 $\frac{1}{2}$
	20.....	1.11 $\frac{1}{2}$	2.73	2.43 $\frac{1}{2}$

Source: Daily Broadcasts, Winnipeg Grain Exchange.

## SUB-APPENDIX C

DAILY SPOT PRICES ON THE WINNIPEG GRAIN EXCHANGE FOR TOP GRADES OF RYE,  
FLAX AND RAPESEED

Date	RYE SPOT	FLAX SPOT	RAPESEED
	(Basis Lakehead)	(Basis Lakehead)	(Basis Vancouver)
	2CW	1CW	1 Canada
Friday—December 31/65.....	1.29 $\frac{1}{2}$	2.88 $\frac{1}{2}$	2.53 $\frac{1}{2}$
Tuesday—January 4/66.....	1.31 $\frac{1}{2}$	2.91 $\frac{1}{2}$	2.59
Wednesday—January 5.....	1.32 $\frac{1}{2}$	2.91 $\frac{1}{2}$	2.59 $\frac{3}{4}$
Thursday—January 6.....	1.32 $\frac{1}{2}$	2.91	2.60 $\frac{1}{2}$
Friday—January 7.....	1.34 $\frac{1}{2}$	2.91 $\frac{1}{2}$	2.63 $\frac{1}{2}$
Monday—January 10.....	1.34 $\frac{1}{2}$	2.89 $\frac{3}{4}$	2.63 $\frac{1}{2}$
Tuesday—January 11.....	1.34 $\frac{3}{4}$	2.91 $\frac{1}{2}$	2.76 $\frac{1}{2}$
Wednesday—January 12.....	1.35 $\frac{7}{8}$	2.94 $\frac{1}{2}$	2.91 $\frac{1}{2}$
Thursday—January 13.....	1.38 $\frac{3}{4}$	2.96	2.92
Friday—January 14.....	1.40 $\frac{1}{4}$	3.00 $\frac{1}{2}$	2.87
Monday—January 17.....	1.36 $\frac{1}{2}$	3.00 $\frac{3}{4}$	2.79 $\frac{1}{2}$
Tuesday—January 18.....	1.38 $\frac{3}{8}$	3.00 $\frac{3}{4}$	2.94 $\frac{1}{2}$
Wednesday—January 19.....	1.37 $\frac{1}{4}$	3.01 $\frac{1}{2}$	2.91
Thursday—January 20.....	1.38	3.02 $\frac{3}{4}$	2.95 $\frac{1}{2}$
Friday—January 21.....	1.38 $\frac{5}{8}$	3.02 $\frac{3}{4}$	2.97 $\frac{1}{2}$
Monday—January 24.....	1.38	3.04 $\frac{7}{8}$	3.02 $\frac{1}{2}$
Tuesday—January 25.....	1.37 $\frac{3}{4}$	3.07 $\frac{1}{8}$	3.17 $\frac{1}{2}$
Wednesday—January 26.....	1.36	3.08 $\frac{1}{4}$	3.32 $\frac{1}{2}$
Thursday—January 27.....	1.35 $\frac{1}{2}$	3.07 $\frac{1}{4}$	3.47 $\frac{1}{2}$
Friday—January 28.....	1.36 $\frac{1}{4}$	3.05 $\frac{5}{8}$	3.62 $\frac{3}{4}$
Monday—January 31.....	1.34 $\frac{3}{8}$	3.03 $\frac{1}{8}$	3.28
Tuesday—February 1.....	1.35 $\frac{3}{8}$	3.01	3.19
Wednesday—February 2.....	1.35 $\frac{1}{2}$	3.00 $\frac{7}{8}$	3.04 $\frac{3}{4}$
Thursday—February 3.....	1.37 $\frac{1}{4}$	3.04 $\frac{1}{2}$	2.88
Friday—February 4.....	1.37 $\frac{1}{4}$	3.03	3.13
Monday—February 7.....	1.38 $\frac{1}{2}$	3.02	3.09 $\frac{1}{2}$
Tuesday—February 8.....	1.37 $\frac{3}{8}$	3.00 $\frac{3}{4}$	3.03 $\frac{1}{2}$
Wednesday—February 9.....	1.39	3.03 $\frac{3}{4}$	3.05 $\frac{1}{2}$
Thursday—February 10.....	1.38 $\frac{1}{2}$	3.03	2.88 $\frac{1}{8}$
Friday—February 11.....	1.38 $\frac{5}{8}$	3.03 $\frac{1}{2}$	2.89 $\frac{1}{2}$
Monday—February 14.....	1.39 $\frac{1}{2}$	3.03 $\frac{7}{8}$	2.80 $\frac{3}{4}$
Tuesday—February 15.....	1.38 $\frac{1}{2}$	3.05 $\frac{1}{2}$	2.77
Wednesday—February 16.....	1.38	3.07 $\frac{1}{2}$	2.73 $\frac{3}{4}$
Thursday—February 17.....	1.37 $\frac{1}{4}$	3.06	2.76 $\frac{5}{8}$
Friday—February 18.....	1.37	3.06 $\frac{1}{2}$	2.81 $\frac{1}{2}$
Monday—February 21.....	1.36 $\frac{3}{8}$	3.06 $\frac{1}{2}$	2.78 $\frac{3}{4}$
Tuesday—February 22.....	1.36 $\frac{5}{8}$	3.05 $\frac{1}{2}$	2.77 $\frac{1}{2}$
Wednesday—February 23.....	1.36	3.01 $\frac{1}{2}$	2.75 $\frac{3}{4}$
Thursday—February 24.....	1.33 $\frac{3}{4}$	3.01 $\frac{1}{2}$	2.70
Friday—February 25.....	1.32 $\frac{1}{2}$	3.01 $\frac{1}{2}$	2.70 $\frac{1}{2}$
Monday—February 28.....	1.31 $\frac{3}{8}$	2.99 $\frac{3}{4}$	2.68 $\frac{1}{2}$
Tuesday—March 1.....	1.32	3.01 $\frac{1}{2}$	2.67 $\frac{1}{2}$
Wednesday—March 2.....	1.31 $\frac{7}{8}$	3.00 $\frac{3}{4}$	2.70 $\frac{5}{8}$
Thursday—March 3.....	1.30 $\frac{5}{8}$	3.02 $\frac{1}{2}$	2.71
Friday—March 4.....			

Grain Exchange Closed

## SUB-APPENDIX C—Continued

Date	RYE SPOT	FLAX SPOT	RAPESEED
	(Basis Lakehead)	(Basis Lakehead)	(Basis Vancouver)
	2CW	1CW	1 Canada
Monday—March 7.....	1.30 $\frac{7}{8}$	3.02 $\frac{1}{4}$	2.71 $\frac{1}{2}$
Tuesday—March 8.....	1.29 $\frac{1}{4}$	2.99 $\frac{1}{4}$	2.68 $\frac{1}{2}$
Wednesday—March 9.....	1.29 $\frac{1}{4}$	2.97 $\frac{1}{2}$	2.66 $\frac{1}{2}$
Thursday—March 10.....	1.30 $\frac{1}{4}$	2.96 $\frac{1}{4}$	2.64
Friday—March 11.....	1.28 $\frac{3}{8}$	2.96 $\frac{3}{4}$	2.66 $\frac{1}{2}$
Monday—March 14.....	1.28 $\frac{7}{8}$	2.96 $\frac{1}{2}$	2.66 $\frac{1}{4}$
Tuesday—March 15.....	1.29 $\frac{1}{4}$	2.97 $\frac{1}{4}$	2.64 $\frac{1}{2}$
Wednesday—March 16.....	1.29 $\frac{1}{4}$	2.99 $\frac{1}{4}$	2.64 $\frac{1}{2}$
Thursday—March 17.....	1.29 $\frac{1}{2}$	2.97 $\frac{1}{2}$	2.60 $\frac{3}{4}$
Friday—March 18.....	1.29	2.97 $\frac{1}{8}$	2.63 $\frac{1}{4}$
Monday—March 21.....	1.28 $\frac{3}{4}$	2.95 $\frac{1}{2}$	2.61 $\frac{1}{2}$
Tuesday—March 22.....	1.27 $\frac{1}{4}$	2.94 $\frac{3}{4}$	2.60
Wednesday—March 23.....	1.28 $\frac{3}{8}$	2.95 $\frac{3}{8}$	2.60 $\frac{1}{4}$
Thursday—March 24.....	1.29 $\frac{3}{8}$	2.96 $\frac{3}{4}$	2.62 $\frac{1}{2}$
Friday—March 25.....	1.29 $\frac{3}{8}$	2.96 $\frac{3}{8}$	2.64
Monday—March 28.....	1.29 $\frac{1}{2}$	2.96 $\frac{3}{4}$	2.65 $\frac{1}{2}$
Tuesday—March 29.....	1.28 $\frac{3}{4}$	2.96 $\frac{3}{4}$	2.62 $\frac{1}{2}$
Wednesday—March 30.....	1.28 $\frac{3}{8}$	2.96 $\frac{3}{4}$	2.64
Thursday—March 31.....	1.27 $\frac{1}{2}$	2.96 $\frac{3}{4}$	2.63 $\frac{1}{8}$
Friday—April 1.....	1.28	2.96 $\frac{3}{8}$	2.65 $\frac{1}{2}$
Monday—April 4.....	1.27 $\frac{1}{2}$	2.95 $\frac{1}{2}$	2.65 $\frac{1}{4}$
Tuesday—April 5.....	1.27 $\frac{1}{4}$	2.96 $\frac{1}{4}$	2.64 $\frac{3}{8}$
Wednesday—April 6.....	1.28 $\frac{3}{8}$	2.97 $\frac{1}{4}$	2.66
Thursday—April 7.....	1.29 $\frac{3}{4}$	2.97 $\frac{3}{8}$	2.66
Friday—April 8.....		Good Friday	
Monday—April 11.....	1.30 $\frac{1}{8}$	2.97 $\frac{5}{8}$	2.65 $\frac{7}{8}$
Tuesday—April 12.....	1.30 $\frac{1}{4}$	2.97 $\frac{1}{4}$	2.67 $\frac{1}{4}$
Wednesday—April 13.....	1.32 $\frac{1}{8}$	2.96 $\frac{1}{4}$	2.66 $\frac{1}{4}$
Thursday—April 14.....	1.31 $\frac{3}{4}$	2.96 $\frac{3}{4}$	2.68
Friday—April 15.....	1.32 $\frac{1}{8}$	2.97 $\frac{7}{8}$	2.70

SOURCE: Daily Quotations—Stanley Jones Service



**Appendix V**

SUBMISSION TO  
THE ST. LAWRENCE SEAWAY AUTHORITY

On The Question of Seaway Tolls and Fees

By

CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

Representing:

Alberta Wheat Pool

Manitoba Pool Elevators

Saskatchewan Wheat Pool

MAY, 1966

ERRATUM

In the Submission to The St. Lawrence Seaway Authority on May 25, 1966 at OTTAWA by Canadian Co-operative Wheat Producers Limited read on page 13 in the last paragraph

If this estimated increase is correct the suggested toll increase would result in additional costs of between \$450,000 and \$500,000 (not between \$4.5 million and \$5 million) a year for the movement of export wheat, etc. (corrects figures)

CANADIAN CO-OPERATIVE WHEAT PRODUCERS LIMITED

*Representing:* Alberta Wheat Pool

Manitoba Pool Elevators

Saskatchewan Wheat Pool

Regina,

May 30, 1966.

SUBMISSION TO  
THE ST. LAWRENCE SEAWAY AUTHORITY

by

CANADIAN CO-OPERATIVE WHEAT PRODUCERS LTD.

*Introduction*

1. Wheat Pools traditionally supported Seaway but opposed tolls
  - Three-point Pool argument
2. Why Prairie farmers oppose user tolls on the Seaway
  - Farmers pay full toll
  - Recovery of capital investment not justified
  - Revenues do not even meet interest on debt

- Auditor general outlines changes in agreement
  - Welland Canal a special case
3. Current proposals and what the Wheat Pools think of them
- Proposals for the Montreal-Lake Ontario section
  - Welland Canal proposals
4. Summary of conclusions

*List of Tables in Appendix*

Table A

Traffic on the Montreal-Lake Ontario section of the St. Lawrence Seaway by commodity movements in percentage of total cargo tonnage

Table B

Welland Canal traffic by commodity movements in percentage of total cargo tonnage

Table C

Annual overseas exports of Canadian wheat by clearance sectors in millions of bushels and in percentages of total, 1959-1965.

Table D

Operational highlights of the Montreal-Lake Ontario section of the St. Lawrence Seaway for years ended December 31 (all figures in millions of dollars)

Table E

Operational highlights of the Welland Canal section of the St. Lawrence Seaway for years ended December 31 (all figures in millions of dollars)

Table F

Welland Canal traffic analysed as to local or international carriage in terms of percentage of total tonnage.

Table G

Traffic on the Montreal-Lake Ontario section of the St. Lawrence Seaway, analysed as to local or international carriage in terms of percentage of total tonnage.

*Introduction*

Canadian Co-operative Wheat Producers Limited is the spokesman for the three Wheat Pools of Western Canada which are Alberta Wheat Pool, Manitoba Pool Elevators and Saskatchewan Wheat Pool. Taken together the Pools have some 160,000 active farmer members—50,000 in Alberta, 35,000 in Manitoba and 75,000 in Saskatchewan—and represent a majority of the farm population of the three Prairie provinces.

The Pools are organized separately as farmer-owned co-operative associations to undertake for members on a non-profit basis the marketing of farm

produce. In particular, the Pools operate country elevators which handle grain in all three provinces as agents for The Canadian Wheat Board and operate terminal elevators again as agents for the Board at both the Canadian Lakehead and Vancouver. In some of the three provinces the Pools market livestock as agents for farmer members, process meat, flour and vegetable oils, publish a farm newspaper and distribute seed and farm supplies. Each Pool is engaged in the manufacture of fertilizer. The pools collectively operate an insurance company and an insurance agency.

*1. Wheat Pools have traditionally supported Seaway but opposed tolls:*

The three Wheat Pools have long been staunch advocates and supporters of the St. Lawrence Seaway. Our interest in this hearing is to bring to your attention our concern about the existing financing arrangements and particularly the question of tolls.

In the past we have made a number of submissions both to your Authority and the the Government of Canada concerning this question.

In October 1958 we said to the Government of Canada that we opposed any tolls for the inland Welland Canal and urged the maintenance of a toll-free system on the Great Lakes Waterways as well.

In March 1960, after the St. Lawrence Seaway was opened, we repeated our position and said to the Government of Canada that we opposed any tolls on the Welland Canal and argued against any increase of tolls on any portion of the Great Lakes system.

In July 1963 we supported, as a member, the submission to your Authority by the Great Lakes Waterways Development Association which argued against any tolls on the Welland Canal and for the elimination of tolls to recapture capital investment on any part of the Seaway system.

*Three-Point Pool Argument*

In October 1963 we submitted a statement to your Authority on our own behalf in which we said that:

- (i) We oppose in principle the recovery by user tolls of the capital cost expenditures by government in any transportation facility and we oppose in particular the present arrangement for recovering the capital costs of the St. Lawrence Seaway development over 50 years on the basis of tolls on traffic using the waterway.
- (ii) We oppose any tolls on the Welland Canal either for recovery of capital costs or for maintenance and operation of the facility.
- (iii) We oppose any immediate increase in existing toll tariffs on any part of the Great Lakes waterway.

In October 1965 we submitted a further statement to your Authority which presented a similar three-part argument.

Our position today is unchanged from the view submitted to your Authority in both 1963 and 1965. We appear today to repeat our argument at this hearing which is to consider proposed toll increases.



## 2. Why Prairie Farmers Oppose User Tolls On The Seaway:

On previous occasions the Wheat Pools have presented argument to support the farmer's opposition to tolls on the Seaway. The burden of that argument has been recalled and need not be repeated in detail. However, there are some major considerations which must be repeated in this submission.

### *Farmers Pay Full Toll*

The first consideration is that the actual toll collected on Prairie grains is borne by Prairie producers of those grains. Not only can the farmer not evade the burden of the tolls he cannot pass any of them on to another. Consider, for example, the situation as it applies to wheat, the major crop in Western Canada and a commodity which accounts for a significant portion of total tonnage navigating the Seaway. Consider the following:

- (a) The Canadian Wheat Board has a single and unique pricing policy for wheat which is to offer Canadian wheat for export sale on the basis of the Canadian-in-store price at the Lakehead which is directly determined by the CIF Europe price.
- (b) The CIF Europe price is not determined by costs of production and delivery but by demand and supply factors operating on the international grain market.
- (c) Because the price elasticity of demand for wheat is low any change upwards or downwards in its total price has an insignificant effect on the quality sold.
- (d) Any change upwards or downwards in the price of a single component of its CIF Europe price (which is the farmers' return plus insurance during handling and transit plus freight charges) will bring about a counter-balancing adjustment in at least one other component to leave the CIF Europe price unchanged.

Any change in Seaway tolls amounts really to an increase or decrease in freight charges. Because the end CIF Europe price remains unchanged, this must result in a corresponding adjustment in one of the other components of the final price. With insurance rates also unchanged, actual freight *increases* result in a lower Wheat Board price to producers of wheat. Freight *decreases* would result in an increased return to Prairie producers.

Wheat is the main agricultural commodity moving through the Seaway and in the years since 1959 accounted for 13 to 28 per cent of all cargo tonnage moving through the Montreal-Lake Ontario section of the Seaway and for 14 to 23 per cent of the cargo tonnage moving through the Welland Canal (See Tables A and B). It is also significant to note that almost half of all Canadian wheat exports moved through the Seaway and was subject to one toll or another in each of the years since the Seaway was opened (See Table C).

### *Recovery of Capital Investment Not Justified*

Another reason why farmers oppose Seaway tolls is because the toll structure seeks to recover capital investment and this the farmers do not think is desirable for a publicly-owned transportation utility. Farmers do not find

justification for the recovery of capital investment from Seaway users by a government which through the years has made many kinds of public investment in transportation facilities without there being any direct obligation for the users to repay the investment. Consider, for example, the following list of public investment in transportation which was compiled by Mr. Justice W. F. A. Turgeon when he was chairman of a 1951 royal commission on transportation<sup>1</sup>. The list included:

- (i) The construction of the National Transcontinental Railway to encourage the shipment of goods through Canadian ports;
- (ii) The construction in Central Canada of an extensive canal system which became toll free, built at a cost of about \$328 millions and maintained at government expense;
- (iii) The granting of substantial areas of land and subsidies to encourage and assist railway construction and the opening up of the country;
- (iv) The taking over by the country in the years between 1918-23 of the bankrupt railway lines and welding of them along with government lines into the Canadian National Railway system;
- (v) The construction of Hudson Bay Railway and the development of the Port of Churchill;
- (vi) The subsidization of coastal shipping services and large investments in harbors and other navigation facilities; and
- (vii) The large investment in and operation of Trans-Canada Air Lines and assistance given to other air lines.

The learned jurist said this government activity in the transportation industry indicates "the continuous concern of Parliament with Canada's transportation problems including the problem inherent in great distances and sparse population." The Wheat Pools do not believe the government sought recovery of its investment from the users in the previous instances and cannot support the attempt to recover Seaway investment through user tolls.

#### *Revenues Do Not Even Meet Interest On Debt*

An examination of the Seaway's financial operations since 1959 indicates the difficulty in attempting to recover capital investment through user tolls (See Tables D. and E.). While the Montreal-Lake Ontario section has managed to meet all its operating expenses the operating profit was not sufficient in any one year since 1959 to meet interest on the capital invested let alone make any contribution towards reducing the principal of the debt. As a result the accumulated deficit has mounted to \$36 millions with no reduction in the capital investment principal.

The Welland Canal did not manage to meet its operating expenses even in the years when tolls were charged and the accumulated deficit for this portion of the Seaway has mounted to \$29.2 millions.

Taking the two together, the deficit accumulated because the operating revenue was not sufficient to meet operating costs, a replacement provision and

<sup>1</sup> Report of Royal Commission on Transportation (Queen's Printer 1951) page 274-5.

interest on the capital investment, had reached \$65.2 millions by the end of 1964. Later reports were not available when this submission was prepared.

The inability of operating revenues for both the Montreal—Lake Ontario section and the Welland Canal to meet full interest requirements has caused a steady increase in the Authority's outstanding indebtedness.

#### *Auditor General Outlines Changes In Agreement*

Because of the Authority's inability to meet its annual interest and principal repayment requirements the Government of Canada has been forced to make certain changes in these requirements. In the Authority's 1964 annual report the Auditor General of Canada comments on these changes in the following statement:

"Under the provision of Section 16 of the St. Lawrence Seaway Authority, tolls are to be 'designed to provide a revenue sufficient to defray the cost to the Authority of its operations;' which costs are defined as including payments in respect of the interest on amounts borrowed by the Authority and amounts sufficient to amortize the principal of amounts so borrowed over a period not exceeding fifty years."

"The original conditions under which loans were made to the Authority under Section 25 of the Act required payment only of interest in the first three full years of operation (through the year ending December 31, 1962) and thereafter payment of annual amounts sufficient to amortize over a period of 47 years (or by December 31, 2009) all loans and interest thereon.

"The terms of the Authority's financing arrangements were amended in 1961, in 1963 and again in 1964 and now call for repayment of all interest-bearing loans together with interest previously deferred and all other interest accrued or accruing up to December 31, 1966, together with current interest thereon, in 43 equal annual installments commencing on December 31, 1967."

The position of the Wheat Pools on this matter is that continued attempt to recapture from toll revenue the outstanding indebtedness would require toll increases to the point where traffic would find use of the waterway prohibitive. The Government of Canada has apparently elected to amend the Seaway financing arrangements on a number of previous occasions when it found Seaway toll revenues insufficient to meet annual debt charges. Despite future traffic estimates, we doubt whether traffic tolls will ever begin to meet the annual debt demands and suggest the government amend the legislation which requires the Authority to attempt this impossible feat.

#### *Welland Canal A Special Case*

When the St. Lawrence Seaway was formally opened in 1959 the operation of the Welland Canal was added to the Seaway Authority's jurisdiction and a toll for use of this canal was introduced. That toll was formally suspended in 1962. The position of the Pools is that the Welland Canal must be considered as a special case and remain a free waterway.



The series of locks which comprise the Welland Canal section of the Seaway are one of the wonders of the world. They provide a lift system which allows ships to climb the mighty Niagara escarpment and move inland from Lake Ontario to Lake Erie, a change in elevation of some 325 feet. Although the first canal, completed in 1833, was primarily the work of a private development company all three succeeding canals have been developed with government assistance or by direct government participation. Through most of its history the inland Welland Canal has been toll-free and except for a brief period between 1959 and 1962 has been without tolls since 1903.

The 27.6 miles of the Welland Canal is the only canal of some 27,000 miles of inland waterway within continental North America where there has been any recent attempt to collect user tolls. Canals operated by the United States remain toll free.

The localized importance of the Welland Canal is indicated by traffic data which reveal the percentage of total traffic that travels through the Canal between one Canadian port and another and between United States and Canadian ports. Taken together, between 75 and 80 per cent of total Welland Canal traffic can be described as local North American traffic in each of the years between 1959 and 1965 (See Tables F. and G.). For the Montreal—Lake Ontario section of the Seaway a somewhat lower percentage of total traffic can be described as North American and a rather greater percentage as foreign import and export traffic.

### 3. *The current proposals and what the Wheat Pools think of them:*

Among the proposals under consideration at this series of hearings there are two of special interest to members of the Wheat Pools. One would increase by about 10 per cent the level of tolls applicable on gross registered tonnage and bulk cargo navigating the Montreal-Lake Ontario section of the Seaway and the other would introduce a form of lockage fee on ships navigating the Welland Canal.

The Pools would oppose these two proposals first because they impose an additional burden on the movement of agricultural produce from the Prairies to markets in eastern Canada and abroad. The effect of this kind of toll increase on export wheat alone could add up to one-half cent on the farmer's costs of marketing. These increases would have to be met directly from the grain farmers' pocket.

In arguing against these proposed toll increases the Wheat Pools would direct attention to two statements made by the St. Lawrence Seaway Authority in a paper prepared to support the proposed increases. The document was published on April 13, 1966 under the title *Summary of Future Traffic Estimates and Toll Requirements*.

#### *Proposals for The Montreal-Lake Ontario Section*

"While traffic has not yet reached the levels forecast in 1958, the last three navigating seasons have shown a most encouraging growth. However, because of the shortfall in revenue since 1959 and the consequent increase in debt it is not realistic to expect that with the

existing level of tolls traffic can develop fast enough to pay off the Entities' financial obligations within the 43 years remaining of the original 50-year amortization period. Moreover, operations and maintenance costs are continuing to rise.

"While there are many unknown factors involved in the assessment of future traffic, canal capacity, operation and maintenance costs, etc., the Entities believe that in the light of the best information presently available it may be possible by raising the tolls by approximately 10 per cent in 1967 to obtain sufficient revenues to meet the statutory debt requirements. Experience gained in the application of the proposed toll would, of course, be reviewed at the end of the five-year term of the proposed agreement."

This kind of statement may be justified but the Wheat Pools would suggest that experience of the Seaway operation in the years since 1959 does not offer sufficient justification. Although the Montreal-Lake Ontario section of the Seaway showed a net operating profit in each of the years 1959 to 1964 at no time was that operating profit sufficient to meet interest payments despite the fact that cargo tonnage in those six years doubled. No repayment of any kind has yet been made on the actual capital. In the light of this experience we fail to see how a 10 per cent increase in toll charges would really alter the situation sufficiently to meet the debt requirements on schedule.

#### *Welland Canal Proposals*

"This facility is owned and operated by Canada. Since 1962 the tolls provided for in the tariff have been suspended. No recovery of capital cost or the cost of operating and maintaining the canal has been made since that time—in 1965 the operating loss amounted to \$8.2 million. It is now proposed that a lockage charge, designed ultimately to recoup the cost of operating and maintaining the canal should be introduced.

"The lockage charge would be 'phased-in' over the five-year period 1967-1971, commencing with a charge of \$20 per lock in 1967 rising to \$100 per lockage in 1971. Cost of the full transit of the Welland Canal, would, therefore, be \$160 in 1967, rising to \$800 in 1971. As a measure to improve efficiency of operations tandem lockages would be permitted at the same time as a single transit so that two ships could split the lockage charge. During the five-year period collection of the tolls on cargo tonnage transiting the Welland Canal would remain suspended."

The most interesting feature of this argument is that the St. Lawrence Seaway Authority appears to have given up any attempt to recover the capital investment on the Welland Canal and now would satisfy itself only with collecting a charge to meet the costs of operating and maintaining the canal. The position of the Wheat Pools on this proposal remains unchanged: we oppose any toll or charge of any kind for the navigation of the Welland Canal.

The Seaway Authority document suggests that the proposed toll increases for the Montreal-Lake Ontario section would amount to one-third of a cent per bushel of wheat. If this estimated increase is correct the suggested toll increase

would result in additional costs of between \$4.5 million and \$5 million a year for the movement of export wheat from Prairie positions to export location at Eastern ports.<sup>1</sup> This amount would be paid directly by The Canadian Wheat Board and would result in a decrease in the actual cash income of Prairie farmers by that amount.

#### 4. Summary of Conclusions:

The Wheat Pools oppose the proposal to increase user tolls on the Montreal-Lake Ontario section of the Seaway because any increase in tolls results directly in an increase in the Prairie farmer's cost of moving his produce to market in either eastern Canada or abroad or in the costs of the many goods he purchases from eastern Canada and abroad. These are increased costs the Prairie farmer can ill afford.

The Wheat Pools oppose the proposal to introduce lockage fees for the Welland Canal because we oppose any form of toll or charge for the use of this domestic and inland waterway.

The Wheat Pools urge the St. Lawrence Seaway Authority undertake to renegotiate with the United States Seaway Entity the terms of the financing agreement to remove completely the present obligation to recoup the capital investment through user tolls. We simply do not think any acceptable level of tolls will in fact recoup the capital investment and we cannot support the attempt of this recovery through user tolls. The Canadian government has provided investment in other transportation facilities without attempt to recoup the investment through user tolls. With this requirement removed present tolls on the Montreal-Lake Ontario section of the Seaway would be more than adequate to meet operating and maintenance costs. In fact reduced tolls might be possible.

All of which is respectfully submitted by

CANADIAN CO-OPERATIVE WHEAT PRODUCERS LTD.,

*Representing:*

Alberta Wheat Pool

Manitoba Pool Elevators

Saskatchewan Wheat Pool.

Regina,

May 24, 1966.

<sup>1</sup>This estimate is based on the annual average movement of Prairie wheat through the Seaway. The annual wheat movement east in the years 1959 to 1965 averaged 175 million bushels. The quantity of wheat moving by rail averages 20 million a year. This leaves 155 million bushels to bear the Seaway tolls. (See Table C).



AGRICULTURE, FORESTRY AND  
RURAL DEVELOPMENT

Feb. 8, 1967

TABLE A

TRAFFIC ON THE MONTREAL-LAKE ONTARIO SECTION OF THE ST. LAWRENCE SEAWAY,  
By Commodity Movements in Percentage of Total Cargo Tonnage

Commodity	1959	1960	1961	1962	1963	1964	1965
Wheat.....	12.1	19.0	27.8	19.2	23.6	23.4	19.9
Corn.....	4.4	5.4	6.8	8.5	8.6	8.2	8.4
Oats.....	3.4	2.5	1.2	2.8	1.7	1.0	2.0
Barley.....	5.3	5.8	3.0	4.3	3.6	3.1	3.0
Coal.....	5.8	5.0	4.9	4.6	3.1	2.1	2.4
Iron Ore.....	30.1	21.2	17.2	23.6	26.5	30.9	29.5
Pulpwood.....	1.5	1.3	.8	.7	.6	.6	0.5
Fuel Oil.....	5.3	5.8	4.7	4.8	4.2	3.9	4.4
Newsprint.....	1.5	1.3	1.2	1.2	1.0	.9	1.0
All Other Commodities.....	30.6	32.7	32.4	30.3	27.1	25.9	29.9
Total Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Cargo (in millions of tons).....	20.6	20.3	23.4	25.6	30.9	39.3	43.4

SOURCE: St. Lawrence Seaway Authority annual reports 1960 to 1963 and St. Lawrence Seaway traffic reports prepared by the St. Lawrence Seaway Authority and the St. Lawrence Seaway Development Corporation.

TABLE B

WELLAND CANAL TRAFFIC BY COMMODITY MOVEMENTS IN PERCENTAGE OF TOTAL CARGO TONNAGE

Commodity	1959	1960	1961	1962	1963	1964	1965
Wheat.....	13.7	15.4	22.9	15.0	18.7	19.1	16.4
Corn.....	4.1	4.6	5.8	7.2	7.0	6.7	7.3
Oats.....	3.0	1.9	1.1	2.0	1.5	.3	1.7
Barley.....	5.0	4.9	2.9	3.6	3.3	2.9	2.9
Coal.....	17.5	15.0	13.9	13.7	12.2	12.2	13.5
Iron Ore.....	25.1	26.8	21.2	29.0	30.9	32.8	30.2
Pulpwood.....	1.2	.9	.7	.5	.5	.5	.3
Fuel Oil.....	2.9	2.5	2.6	2.5	1.9	1.8	2.0
Newsprint.....	1.6	1.5	1.5	1.3	1.1	.9	1.0
All Other Commodities.....	25.9	26.5	27.4	25.2	22.9	22.8	24.7
Total Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Cargo (in millions of tons).....	7.1	29.2	31.5	35.5	41.3	51.4	53.4

SOURCE: St. Lawrence Seaway Authority annual reports 1960 to 1963 and St. Lawrence Seaway traffic reports prepared by the St. Lawrence Seaway Authority and the St. Lawrence Seaway Development Corporation.

TABLE C  
ANNUAL OVERSEAS EXPORTS OF CANADIAN WHEAT BY CLEARANCE SECTORS  
In Millions of Bushels and in Percentages of Total, 1959 to 1965

Clearance Sectors	1959		1960		1961		1962		1963		1964		1965	
	bu.	%	bu.	%	bu.	%	bu.	%	bu.	%	bu.	%	bu.	%
Via Canadian St. Lawrence Ports	89.2	30.8	84.1	31.0	119.6	34.5	120.5	33.9	111.1	33.9	280.7	47.5	151.5	38.
Via Canadian Atlantic Seaboard Ports.....	29.7	10.3	24.4	8.9	33.5	9.7	21.7	6.1	18.7	5.7	53.9	9.1	33.9	8.
Via Ft. William-Port Arthur Direct.....	5.0	1.7	7.3	2.7	11.0	3.2	9.9	2.8	7.9	6.7	7.6	1.3	4.1	1.
Total (Eastern Ports)...	123.9	42.8	115.8	42.6	164.1	47.4	152.1	42.8	137.7	46.3	342.2	57.9	189.5	47.
Via Canadian Pacific Seaboard Ports.....	106.5	36.8	95.1	35.0	124.2	35.8	149.9	42.3	139.5	42.6	171.8	29.1	155.1	39.
Via Churchill.....	18.4	6.4	21.7	8.0	20.1	5.8	19.2	5.5	21.8	2.4	21.7	3.7	22.1	5.
Via Other Channels Exports of Wheat Flour.....	37.1	13.9	37.0	13.6	35.7	10.3	32.0	9.0	27.2	8.3	54.4	9.2	31.4	7.
United States Imports.....	3.4	1.1	2.1	.8	2.5	.7	1.5	.4	1.2	.4	1.0	.1	—	—
Grand Total All ports.....	289.3	100.0	271.7	100.0	346.6	100.0	354.7	100.0	327.4	100.0	591.1	100.0	391.1	100.

Source: Board of Grain Commissioners for Canada annual reports and the Canadian Grain Exports reports of the Board of Grain Commissioners for Canada for 1964 and 1965.

TABLE D  
OPERATIONAL HIGHLIGHTS OF THE MONTREAL-LAKE ONTARIO SECTION OF THE ST. LAWRENCE SEAWAY, FOR YEARS ENDED DECEMBER 31.  
(all figures in \$ millions)

Year	Cargo Tons	Revenue		Expenses		Net Operating Profit (Loss)	Interest on Capital Investment	Loss for Year	Accumu- lated Deficit
		Toll	Misc.	Total	Operating	Replace- ment Provision			
		\$	\$	\$	\$	\$	\$	\$	\$
1959	20.6	7.1	0.3	7.4	1.4	0.3	5.7	7.4	(1.7)
1960	20.3	7.2	0.1	7.3	2.1	0.4	4.8	11.5	(8.4)
1961	23.4	8.1	0.1	8.2	2.3	0.5	5.4	12.7	(15.7)
1962	25.6	8.9	0.2	9.1	2.9	0.5	5.7	13.8	(23.8)
1963	30.9	10.7	0.6	11.3	3.1	0.6	7.6	14.7	(30.9)
1964	39.3	13.5	0.6	14.1	3.3	0.5	10.3	15.5	(36.1)

Source: 1963 and 1964 annual reports of the St. Lawrence Seaway Authority.

TABLE E  
OPERATIONAL HIGHLIGHTS OF THE WELLAND CANAL SECTION OF THE ST. LAWRENCE SEAWAY, FOR YEARS ENDED DECEMBER 31.  
(all figures in \$ millions)

Year	Cargo Tons	Revenue		Expenses		Net Operating Profit (Loss)	Interest on Capital Investment	Loss for Year	Accumu- lated Deficit
		Toll	Misc.	Total	Operating	Replace- ment Provision			
		\$	\$	\$	\$	\$	\$	\$	\$
1959	1.2	1.2	0.6	1.8	2.3	0.3	(0.8)	0.7	(1.5)
1960	1.2	1.3	0.7	2.0	3.7	0.4	(2.1)	1.2	(3.3)
1961	1.1	1.5	0.7	2.2	4.4	0.5	(2.7)	1.5	(4.2)
1962*	.9	0.6	0.8	1.4	4.3	0.5	(3.4)	1.8	(5.2)
1963	.7	—	0.8	0.8	4.9	0.4	(4.5)	2.1	(6.6)
1964	.6	—	0.9	0.9	6.3	0.4	(5.8)	2.6	(8.4)

Source: 1963 and 1964 annual reports of the St. Lawrence Seaway Authority.

\*-Tolls suspended on July 18, 1962.



TABLE F

TRAFFIC ON THE WELLAND CANAL ANALYZED AS TO LOCAL OR INTERNATIONAL CARRIAGE IN TERMS OF  
PERCENTAGE OF TOTAL TONNAGE

	1960	1961	1962	1963	1964	1965
Between Canadian Ports.....	22.4	28.6	21.9	22.9	23.7	21.0
Between Canadian and United States Ports	54.1	48.4	55.8	59.2	57.8	56.4
Between United States Ports.....	3.6	3.1	3.0	2.4	2.0	1.7
Import and Export Foreign Traffic.....	19.9	19.9	19.3	15.5	16.5	20.9
Total Percent.....	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: St. Lawrence Seaway Authority annual reports and St. Lawrence Seaway traffic reports prepared by the St. Lawrence Seaway Authority and the St. Lawrence Seaway Development Corporation for selected years.

TABLE G

TRAFFIC ON THE MONTREAL-LAKE ONTARIO SECTION OF THE ST. LAWRENCE SEAWAY ANALYZED AS TO  
LOCAL OR INTERNATIONAL CARRIAGE IN TERMS OF PERCENTAGE OF TOTAL TONNAGE

Origins and Destinations	1960	1961	1962	1963	1964	1965
Between Canadian Ports.....	31.9	33.6	30.3	31.4	31.0	29.5
Between United States and Canadian Ports	31.5	27.2	37.0	42.7	42.7	39.1
Between United States Ports.....	.2	.5	.5	.4	.3	.3
Import and Export Foreign Traffic.....	36.4	31.7	32.2	25.5	26.0	31.1
Total Percent.....	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Seaway Authority annual reports and traffic reports of the St. Lawrence Seaway prepared by the St. Lawrence Seaway Authority and the St. Lawrence Seaway Development Corporation for selected years.

## APPENDIX VI

STATEMENT WITH RESPECT TO THE CANADA LABOUR (STANDARDS)  
CODE

## AS IT APPLIES TO THE OPERATION OF COUNTRY GRAIN ELEVATORS.

Saskatchewan Wheat Pool  
February 8, 1967*Introduction*

The Canada Labour (Standards) Code came into effect on July 1st, 1965. The Saskatchewan Wheat Pool, along with other grain companies applied to the Minister of Labour for an order of deferment of Part 1—Hours of Work of the Code under the provisions of Section 51.

On May 2nd, 1966, the Minister of Labour issued an order deferring the application of Part 1 of the Code to the operation of Country Elevators to July 31st, 1967.

Attached hereto is a statement identifying the provisions of the Code which the Saskatchewan Wheat Pool feels are so restrictive in nature that it is impossible to operate an elevator system in accordance with them without seriously dislocating the service to the producer and adversely affecting the movement of grain to market position.

## CANADA LABOUR (STANDARDS) CODE

As it applies to Elevator Operators.

*Some provisions which we consider too restrictive:*

1. Section 5—fixes a standard 8 hour day and a standard 40 hour week either of which may not be exceeded without payment of overtime. Section 5 also provides that "no employer shall cause or permit an employee to work longer hours than 8 hours in any day or forty hours in any week".

2. Section 6—restricts the amount of overtime that may be worked in any one week to a maximum of 8 hours.

3. Section 8—provides that when "an employee is required or permitted to work in excess of the Standard hours of work, he shall be paid overtime at a rate of wages not less than one and one-half times his regular rate".

4. Section 9—provides that the Minister of Labour may issue a permit authorizing the working of additional hours in excess of the maximum 48 hour per week. Such permit will be issued only when the employer "has satisfied the Minister that there are exceptional circumstances to justify the working of additional hours".

5. Section 38—provides, among other things, that "where an Inspector finds that an employer has failed to pay an employee any overtime pay to which an employee is entitled, the Inspector may determine the difference between the wages actually paid to the employee and the wages to which an employee is entitled...".

6. Section 39—requires every employer to “make and keep for a period of at least twenty-four (24) months after the work is performed... wage rate, hours worked... and such records shall be available at all reasonable times for examination by an Inspector”.

7. Section 41—provides, among other things, that the “employer shall, at the time of making any payment of wages to an employee, furnish to the employee, a statement in writing setting out—the number of hours for which payment is made... the rate of wages”.

*Reasons why we consider these provisions too restrictive:*

Elevator operators presently work undefined hours. During slack seasons they are free to be away from their place of work and work considerably less than an 8 hour day or a 40 hour week. They exercise individual judgment in respect of hours that they are in or around their elevators. During the busy season the delivery and movement of grain is such that longer than maximum hours allowed under the Act are required.

A variety of factors influence delivery and movement of grain, none of which are within the control of the operator or Company. Some of these are:

Delivery quotas

Availability of Canadian Wheat Board Shipping Orders

Availability of box cars and the numbers and time at which they are spotted at the elevator

Weather and crop conditions

World market conditions

Most of these factors are controlled by regulations and legislation of Government Departments other than the Department of Labour.

There are very wide fluctuations in the volume of grain moved on a month to month, week to week, as well as day to day basis. We do not have the right to regulate the delivery and shipment of grain and it is, therefore, impossible for us to predict in advance the hours of work required for our operators. Hence the averaging provisions referred to in Section 5 (2) of the Code appear to be of little, if any, use. For example, in the grain year just completed (July 31st, 1966) any averaging scheme would have been severely dislocated by the extension of open quotas to August 21st, 1966. The Canada Labour (Standards) Code does not take into consideration the effect on hours of work in an elevator system, resulting from regulations of other Government Acts and Legislation. We feel that this incompatibility between various Acts regulating the movement of grain makes it impossible to operate an elevator system under the restrictions outlined above without seriously dislocating the service that the producer requires and without seriously affecting the movement of grain to market position.

The provision under Section 9 whereby the employer may apply to the Minister for a permit to work in excess of the maximum work week of 48 hours, is of little value unless the employer is in a position to anticipate in advance when special circumstances will exist. We maintain that the employer is not able to do this.

Elevator operators are an unsupervised group of employees scattered geographically over the entire province and visited infrequently by a Travelling



Superintendent. We do not see how it is possible to prevent any unsupervised employee who has a key to the premises from working longer than standard hours if he so chooses. Section 5 of the Act would require us to do so. Further, it will be impossible for us to maintain an accurate record of hours worked by approximately 1,000 unsupervised agents in as many locations in Saskatchewan as required under Section 39 and 41. We do not know how the Company could establish accurately the hours of overtime for which any employee should be paid. The grain industry would be the only industry we know of required to pay overtime on the basis of records prepared by the employee alone. If a dispute arose between the employee and the Company over the amount of overtime pay an employee may be entitled to, where is the Department of Labour Inspector to obtain an undisputed record of hours worked, in order that he may carry out his enforcement duty under Section 38?

Our present pay plan consists of a basic monthly wage, an allowance based on handling of primary receipts during the grain year, plus commissions on the sale of a variety of farm supplies which the agent may sell during regular hours, after regular hours and on his day off. In view of this, what shall constitute hours of work? Shall the time spent selling farm supplies after hours be included in the standard work day, or should time spent on commission sales be excluded? How is it possible to establish an accurate record of hours of work to comply with Section 8? The term "wages" under the Code includes every form of remuneration for work performed, excluding tips and gratuities. An agent's full remuneration is not known (handling allowances) until complete records for the grain year are compiled. This makes it impossible to comply with the terms of Section 41.

Under Hours of Work Acts in other jurisdictions (Province of Saskatchewan) there is provision for exclusion from the terms of the Act for those employees whose remuneration is calculated wholly or partly on a commission basis.

APPENDIX VII

SUBMISSION

on behalf of CCF Members of  
the Saskatchewan Legislature

by

I. C. Nollet, M.L.A., Cutknife

on

"Agriculture in Saskatchewan"

to the

HOUSE OF COMMONS COMMITTEE ON AGRICULTURE,  
FORESTRY AND RURAL DEVELOPMENT

Regina, Saskatchewan  
February 8, 1967

Mr. Chairman:

I very greatly appreciate the opportunity to make a presentation to your Committee as you travel across our great country seeking information and advice which may be of benefit to our basic farm industry.

You are to be congratulated on your decision to obtain valuable first-hand information in this manner.

I am aware that your terms of reference and subsequent report to Parliament are limited to the Wheat Board and associated wheat aspects of the agricultural industry. However with your indulgence I would appreciate the opportunity at this time to deal with what I consider to be the main problems confronting the wheat farmers as well as farm problems generally. I would do so in the knowledge that under the terms of reference while your committee cannot report to Parliament regarding matters beyond its scope; however, I would very much appreciate making more extensive observations for the benefit of members.

The Wheat Board principle of marketing and its successful operation over the years represents the greatest advance made to date in marketing a farm commodity. This government agency has brought greater price stability and marketing advantages to the wheat aspects of our farming economy than any other action taken by the Federal Government in the field of marketing farm products. Extending the scope of the Wheat Board principle of marketing to other field crops not now included and the establishment of a similar Board for the marketing of other farm products might well be considered. This is not to say, however, that the present price of wheat is adequate. This is not due though to any major deficiency in the Wheat Board system of marketing but is largely due to the influence of constantly rising farm costs.

Your decision to become a travelling committee could not have come at a more opportune time. I say this because to date no effective solution has been found for the major problems which have adversely affected our basic industry

of Agriculture. Many piecemeal palliatives have been applied but none have as yet achieved the desired objective of arresting the cost-price squeeze faced by farmers. Bumper crops in the last several years have only camouflaged the problem. It is now an established fact that the past and present trends will continue in the future unless a completely new and bold approach is developed to find a solution to the salient problem of inadequate farm income.

May I emphasize as strongly as possible that the central problem is low income. I say this at this point because further along in my presentation I wish to elaborate on this point more extensively.

Looking back over the years one can only conclude that our self-employed farm population has constantly faced a serious income deficiency problem. One must also conclude as stated previously corrective measures employed to date have proven to be ineffective. The only available escape for the farmer from his low income quandary was to either get off the farm and seek better income opportunities in the non-farm sector or to enlarge the scope of his farm operations.

In the latter case this too now presents a doubtful method of improving realized net farm income to any great extent.

#### *Past Trends in Saskatchewan Agriculture*

Let us first of all review past trends as background material to realistically analyze past and present trends and endeavour to pinpoint some of the causes. For example:

In 1936 the total occupied farm land in Saskatchewan was ..	57,000,000 acres
In 1936 the total occupied improved land in Saskatchewan was	33,600,000 acres
In 1936 the total number of farms in Saskatchewan was ..	142,400
In 1936 the average size of farms in Saskatchewan was ....	400 acres

Twenty years later:

In 1956 the total occupied farm land in Saskatchewan was ..	62,800,000 acres
In 1956 the total occupied improved land in Saskatchewan was	40,500,000 acres
In 1956 the total number of farms in Saskatchewan was ....	103,400
In 1956 the average size of farms in Saskatchewan was ....	600 acres

Eight years later:

In 1964 the total occupied farm land in Saskatchewan was ..	64,415,518 acres
In 1964 the total improved farm land in Saskatchewan was	43,117,813 acres
In 1964 the total number of farms in Saskatchewan was ....	93,924
In 1964 the average size of farms in Saskatchewan was	660 acres

(Approx.)

In this 28 year period the total acreage of improved farm land in Saskatchewan increased by 9,517,813 acres. While the number of farms in Saskatchewan decreased by 48,400 farms. The improve acreage per farm in this same period of time increased from 236 acres in 1936 to approximately 460 acres in 1964.



Among the major causes for this off the farm exodus might be listed as follows:

### *Farm Machinery Costs*

Greatly increased costs associated with farm mechanization were not accompanied by comparable increases in farm prices. For example in 1946 the retail value of new farm machinery purchased by Saskatchewan farmers including repair parts was \$34,390,000. In 1964 the retail value of new machinery and repair parts purchased went up to a record high of \$135,472,905. an increase of nearly fourfold. (Source: A. M. A. Annual Report, 1965). Further substantial increases were recorded in 1965 and 1966.

In 1946 new farm machinery (excluding repair parts) purchases as a percentage of realized net farm income was 19.5 per cent whereas in 1933 this percentage rose to 26.3 per cent. (Source: A. M. A. Annual Report, 1964).

It is also of interest to note that the price of wheat to the farmer in 1946 was \$1.62 per bushel. In 1964 this price was \$1.60 per bushel. (Source: Annual Report Saskatchewan Department of Agriculture).

In 1946 the per acre purchase cost of farm machinery and repair parts was less than \$1.00 per acre of improved farm land in Saskatchewan. In 1964 this cost went up to approximately \$3.15 per acre despite the large drop in the total number of farms. (Source: A.M.A. report 1966 and statistics branch, Saskatchewan Department of Agriculture.)

The high costs of farm mechanization together with low farm prices are the prime reasons for rural depopulation and continuing economic pressures for still larger farm holdings.

### *2. Other Farm Costs*

In addition to mechanization costs, other cost inputs for a variety of goods and services required by farmers have greatly increased in numbers, volume and price. Firstly, numerous new items never previously required are now necessities such as electrical supplies, welders, electric power units, household equipment, refrigeration—and a growing assortment of tools and other supplies required under modern farm circumstances. An increased volume and number of various chemicals are now required farm cost items. The rapidly expanding use of commercial fertilizers is another rapidly growing farm cost item. Demands for better rural services consequent on mechanization (such as more costly roads, power services, improved health and educational services) can be met only through higher income. If farmers are to share in the affluence of our economy, higher income is required to pay for the much more costly goods and the legitimate demands of modern society. Our failure to date to provide sufficient income to meet these cost demands has resulted in continuous rural depopulation. This exodus was particularly heavy among young people who often found themselves with little choice but to leave the farm regardless of the fact that many wished to farm. The great new and existing opportunities in farming which would challenge the imagination and skills of young people all too often could not compete against the economic problems involved. Many of these displaced young people would still return to farm life provided income rewards were equal to those in the non-farm sectors.

### 3. Capital Investment

In addition total farm capital investment has increased substantially. Mechanization of farms and technological change over the years have increased the importance of capital investment in relation to realized net farm income. The following figures underline this observation.

In 1941 Saskatchewan's total farm capital investment was ....	\$ 896,000,000
In 1946 Saskatchewan's total farm capital investment was ....	1,230,000,000
In 1951 Saskatchewan's total farm capital investment was ....	1,991,000,000
In 1956 Saskatchewan's total farm capital investment was ....	2,131,398,000
In 1961 Saskatchewan's total farm capital investment was ....	2,864,359,000

(Source: Census of Canada and Saskatchewan Department of Agriculture) D.B.S. estimates show that farm capital investment values in Saskatchewan for 1965 are almost \$4.5 billion.

Farm machinery investment increased rapidly since 1941.

In that year farm machinery investment was .....	\$143,000,000 or 16% of total farm capital investment
In 1961 farm machinery investment was .....	\$686,825,700 or 24% of total farm capital investment

The largest increase occurred between 1946 and 1951 when machinery investment more than doubled.

By 1956 land investment accounted for about 50 per cent of the Saskatchewan farmer's total capital investment with machinery accounting for roughly 26 per cent while the balance was made up of buildings and livestock.

Since 1956, investment in land and machinery has taken another great leap upward. Land values, due to adverse cost-price relationships and consequent economic pressures towards larger and larger farm units have now reached the point of no return in terms of income expectations from investment and other cost factors. It is clear that the farmer more than anything else requires higher prices and income to meet escalating costs of all his requirements.

### 4. Realized Net Farm Income

Perhaps the best way to appraise the effects of increased costs on farm income and rural depopulation would be to review long term records of realized net farm income, often referred to as "the farmer's take home pay". The following D.B.S. statistics in this regard for the years 1951-1965 are most revealing. For Saskatchewan these figures show that the combined realized net farm income for the three year period 1951-53 was higher than the more recent three year period 1963-65. The in-between years 1954-62 on an annual basis, with the exception of 1961 and 1958 were all well below the top and bottom three year periods.

For Canada, these figures show, that for the entire period of fifteen years 1951-65, the record high year for realized net farm income was 1951. Every single year after 1951 was lower. This is conclusive evidence that high farm costs and low farm prices are the salient factors contributing to low farm income, rural depopulation and the economic pressure towards larger and bigger farms. Prices and costs are beyond the farmer's control. The only avenue of escape open

to the farmer from this type of economic determinism, as stated previously, was to either get off the farm or enlarge his holdings. Enlarged holding and better farming aids for increased production have not succeeded in offsetting increased costs for the industry as a whole.

At this point reference might well again be made to effects on Saskatchewan's rural population. The 1941 census reveals a rural population of 600,846 being 67.06% of Saskatchewan's population. The 1961 census shows a farm population of only 304,672 being 32.9% of Saskatchewan's total population. This is a reduction of nearly 50% between these census reports. From price relationships to farm costs determine the farmer's realized net income level as well as his desire or ability to stay on the farm. The above census comparisons show approximately 50% left during a period of twenty years.

### 5. Farm Prices

As evidence regarding the importance of balanced farm price-cost relationships it is apropos to note that comparing the five year periods 1945-49 and 1960-64 one finds no significant increase in the price of wheat to the Saskatchewan farmer. However, to make matters worse during all the "inbetween years" 1950,51,52,53,54,55,56,57,58,59 a period of ten years the farm price of wheat in each year was very sharply lower. In fact in 1954 the farm price of wheat reached a postwar record low of \$1.21 per bushel. (Source: Annual Report, Saskatchewan Department of Agriculture). These figures also make clear the importance of balanced farm price-cost relationships to realize net farm income and rural population problems.

Even though there were many less farmers to share in the total realized net income this did not add greatly if at all to the income of farmers remaining in the industry. This can best be illustrated by referring to a cost of production table provided by the Farm Management Services of the Saskatchewan Department of Agriculture. Showing per acre costs of production records for grain farms in farm management clubs for 1965. This table shows the per acre costs for three soil zones.

It should be noted at once that the size of farms in the management clubs delineated in this table are well above the average size farm for Saskatchewan. This table clearly indicates per acre costs well in excess of \$30.00 per acre for all soil zones. Of still greater significance is the fact that the break even point would require an average yield of over 18 bushels per acre and an average farm price of \$1.70 per bushel (basis No. 3 Northern). The average farm price for Saskatchewan in 1965 was \$1.68 per bushel. The average yield of wheat for the ten year period 1955-64 was 19 bushels per acre and for the twenty year period 1945-64 it was 17.6 bushels per acre.

It is evident, therefore, that extremely good yields must transpire in future years to even maintain farm solvency. It is worthy of note here that the highest per acre cost is attributed to machinery being an average of over 31% for all soil zones. Machinery costs will no doubt continue to rise. The index costs of farm machinery has risen ten points in the past year. It becomes evident that more acres per farm unit is not an effective answer to the farm income problem. Mechanization of the agricultural industry by itself is not the prime cause of this situation but rather the high cost of mechanization and comparatively low prices



TABLE 1.  
CEREAL GRAINS

Cost of production, Farm Management Clubs, Grain Farms, Saskatchewan by Soil Zone 1965

	Brown	Soil Zone		Black		
		Dark Brown				
Number of farms.....	51	44	61			
Acres of cropland per farm <sup>a</sup> .....	1,014	1,028	649			
Seeded acres per farm.....	550	634	432			
Yield per seeded acre of wheat on summer-fallow (bu.).....	27.1	22.8	21.4			
		% of Total Cost	% of Total Cost	% of Total Cost		
Costs per seeded acre (\$):						
Labor <sup>b</sup> .....	7.78	25.1	7.88	25.2	8.97	28.0
Machinery <sup>c</sup> .....	10.02	32.4	9.37	30.0	9.96	31.0
Custom Work.....	0.32	1.0	0.43	1.0	0.37	1.2
Crop expenses (less seed).....	1.49	4.8	2.39	7.6	2.01	6.3
Seed <sup>d</sup> .....	2.04	6.6	2.29	7.3	2.18	6.8
Land and Bldgs. <sup>e</sup> .....	6.21	20.1	6.04	19.3	5.85	18.2
Land taxes and other.....	3.09	10.0	2.86	9.2	2.74	8.5
TOTAL.....	30.95	100.0	31.26	100.0	32.08	100.0
Total cost per bushel (\$)	1.14		1.37		1.50	

SOURCE: J. L. Drew, et al, 1965 *Saskatchewan Farm Business Summary*, Farm Management Division, Sask. Dept. of Agric., Extension Report No. 10, Sept. 1966.

<sup>a</sup> Includes summerfallow but excludes tame hay.

<sup>b</sup> Hired, unpaid family and operator.

<sup>c</sup> Current operating costs, depreciation and interest on investment at 5%. Includes small tools and hardware supplies.

<sup>d</sup> Purchased and home produced.

<sup>e</sup> Interest on investment in land and buildings at 5%; building repairs and depreciation.

NOTE: The source cited reports grain enterprise costs per farm and per grain acre (total of summer-fallow crops, stubble crops and summerfallow). The average costs per seeded acre were calculated from the average costs per farm and seeded acres (summerfallow crops and stubble crops).

Farm Organization and Efficiency Section, Economics Branch, Canada Department of Agriculture, Ottawa, November 21, 1966.

which are the major contributing factors to the continuing low farm income problem. With an eye to future improvement these facts cannot be swept blandly and optimistically under the table. If a realistic farm income improvement policy for Canadian agriculture is not soon implemented we can expect a further decline in real farm income and further depopulation of rural areas.

L. F. Kristjanson, associate professor of economics at the University of Saskatchewan recently estimated the decline in farm numbers during the next decade would range from 20 to 33 percent and that there will also be substantial declines in the populations of many smaller rural centres and hamlets. Most everyone agrees if this trend continues it will create still greater social problems and costs to all levels of government. Local governments and associated business communities cannot afford further loss of population because of inadequate farm income.

The resulting adverse social consequences to the family farm and rural community life generally would create an intolerable situation. The matter of finding alternative employment for unskilled workers already presents real difficulties. In light of future displacement of labour in the non-farm sector due to still more advanced production techniques and in view of demands for more food to meet growing world needs we will no doubt be compelled to look to the farm sector to provide more rather than less employment opportunities.

It can be, therefore, stated beyond contradiction that all past measures taken or proposed to improve farm income and correct past and present trends have proven to be ineffective. This has transpired not because of a lack of initiative by various farm organizations who, over the years, have vigorously protested and advanced numerous remedial proposals to governments, both federal and provincial, regarding many aspects of the farm problems. Governments it is true have made some efforts to correct some of the more immediate problems brought to their attention from time to time. However, on balance we must admit failure in dealing adequately with the problem in total. To review in detail the many proposals proffered by farm organizations and action taken regarding certain isolated aspects and deficiencies of the agricultural industry would be like repeating a long litany of events so well documented over the long history of past experience that no monotonous repetition is necessary. Besides it would only be an exercise in frustration and futility to do so.

I think it can be simply stated that we have been attempting to deal with the central problem of low farm income on an improvised piecemeal basis. That is, we have too often dealt with each immediate problem confronting us in isolation from other associated problems. We have not to date treated the ills of agriculture as an inseparable whole. In addition for a proper solution the major problem of low income within the agricultural industry in terms of realistic corrective policies must also be associated with low income problems and underemployment which affect the entire economy. A comprehensive approach is now a vital necessity.

I would therefore submit in all humility and as a result of my many years of first hand experience as a farmer and minister of the Crown, the following proposal for a comprehensive farm income and marketing policy for Canadian agriculture.

I believe that no industry can long exist and prosper in an atmosphere where there is a waste of essential human and natural resources and where income levels are dependent upon the success in achieving a curtailment of production or an "artificial scarcity" rather than in rewarding productive labour. The progressively narrowing margin, between the prices received and prices paid by farmers; the so-called "cost-price" squeeze is but an outward manifestation or symptom of the deep-rooted farm problems. Agriculture is unique among business in its practice of producing at full capacity the year round and selling that quantity for whatever it will bring on the open market. We are fortunate indeed that agricultural technology has given Canada the unique ability to produce food abundantly in excess of our domestic needs. This ability should ordinarily be regarded as one of our greatest national assets; instead it is treated as a liability with the Canadian farmer's own increasing efficiency threatening the future economic welfare of the farm family.

We can not justify two contradictory economic concepts, one for the non farm sector which strongly advocates greater resource development and ever increased production as the prime element necessary to better income and continued progress; and the other for the farm sector which in effect is based on alternating decreased production and scarcity as a means of improving price and income. The latter is not only contradictory to the farmer but is wrong on every count. The facts are in both cases it is necessary to produce more and more if we are to progress and improve income generally.

The Canadian farmer has been particularly hard hit by inflation in the post-war period. Hundreds of thousands of widely-separated individual farm production units have made it impossible for farmers to price their products in any relationship whatever to rising farm costs of production whereas the market power of large-scale industry such as steel, petroleum and the automotive industry, has enabled those groups to pass along rising costs to their customers, of whom the farmer is one of the most important. Any national farm policies which have been offered to the farmer to date have tended to limit drastically the amount of farm products to be sold and has tended to put a very low ceiling on the price that farmers are able to receive as producers, while at the same time doing nothing to keep down farm costs. Such policies have made the attainment of a realistically fair share of the national income for farmers little more than a pious hope. Moreover, failure of national policies to attain a high rate of national income and employment has tended to limit the urban market for our farm produce, and has further aggravated farm problems.

It is my conviction that the chronically low and inadequate incomes earned by farm families has restricted the Canadian market for non-farm goods and services and thus has placed a brake on national economic growth. By whatever standards one cares to employ, the farmers have not been receiving the economic rewards they so justly deserve for their ability and economic productivity. Instead of reaping the benefits of producing food in abundance to meet human wants, there has been a steady and continuous decline in farm incomes so that the incomes of farm families in Canada today are lower relative to the rest of our population than they have been since the 1930's.

There is little doubt that the family farm or farm family in Canada is a socially and economically desirable basic unit of production and, as such, has attained a pinnacle of success in the production of an abundance of food which has been made available to Canadian consumers at a lower cost in relation to disposable personal income than at any time before in Canadian history. We believe that there has not been a proper recognition in the past of the fact that by providing food at lower real cost than in any comparable modern nation in the world, the Canadian farmer has in fact been subsidizing the Canadian consumer rather than the other way around.

I am of the opinion that our economic thinking on farm policy has lagged far behind our technological advances in this sector of the economy. We firmly believe that the traditional pre-occupation with "surpluses" of food is morally and economically indefensible when each night half or more of the human family go to bed malnourished, and gnawing hunger remains as one of the main causes of war among nations. Scarcely a decade has passed in modern history where a major famine has not existed somewhere in the world. Given the



growing food requirements of a rapidly expanding population, I firmly believe the time has come to recognize once and for all that the promotion of economic and price stability in Canadian agriculture should be at the highest and not the lowest possible level of physical production. It is plain logic that fixed farm costs require fixed farm prices in proper relationship to costs. The only agency that has the resources and fiscal authority to achieve this objective is our national government.

I feel that as a basic tenet or principle that the Canadian consumer of food either directly through prices or indirectly through fiscal policy has an obligation to ensure a thriving and healthy farm economy. As a very minimum the agricultural industry has a right to expect in return for its abundance of production and in return for its increased efficiency, that the returns to agriculture will cover all basic costs of production and will maintain the farmer and his family on a standard of living comparable with the rest of the economy. To argue that an efficient farm industry deserves less than an amount required to cover all operating costs, costs of local government services, and farm family living costs would be to maintain that in our contemporary Canadian democratic society, the farmers should be permanently relegated to the role of a second class citizen from the economic standpoint.

It should be self-evident that a realistic national farm policy is the best interest of all Canadians. The destruction of the family farm which a continuation of present farm policies is almost sure of accomplishing, would only give rise to corporation farming, controlled by outside capital, who would ensure "profits" by curtailing production and would put an economic squeeze on the consumer of food. Then, too, the accelerating exodus of farmers into urban centres in search of employment would aggravate the problems of providing full employment and it would be economic folly to replace an underemployed or underpaid farm worker by an unemployed urban worker whose lack of training would be a continual handicap. Therefore, economic self-interest if nothing else should dictate national farm policies designed to promote a stable, prosperous and expanding farm economy.

Thus the new approach to a national farm policy must be bold and realistic. It must clearly and unequivocally set out desirable objectives and goals which it is committed to attain. Therefore, the following is a proposed, comprehensive agricultural marketing and farm income policy for consideration as a solution to chronic economic and social problems confronting this important segment of the Canadian economy.

It has been conclusively proven that farm *income* policies proposed or implemented to date in Canada, or elsewhere, have all fallen far short of maintaining farm *income* in proper relationship to increasing farm costs. Mechanization in agriculture, automation in industry, and other factors existing in our present economic and social environment, urgently demand a solution without further equivocation. No policy to date has come anywhere near providing our farm people with their fair share of the national income. We can no longer tolerate the circumstances of chronically-depressed conditions, which have prevailed in our agricultural industry over the past years. A piecemeal approach to the farm problem has not only proven to be ineffective, but has demoralized this important segment of our population.

It is therefore necessary to adopt a bold and realistic overall marketing and farm income policy to meet the economic crisis facing the people in this industry—particularly, in light of the completely changed economic and social environment affecting contemporary agriculture.

The basic principles of such a farm policy are:

(a) It must deal with the total problem of *farm income* on a one package approach basis.

(b) It must accept the obvious fact that the industry as a whole, regardless of crop failures, must receive year in and year out sufficient income to meet all farm operating costs, including costs of local government services, and the costs of all other goods and services required by the people gainfully employed in this industry to maintain relative standards of living.

(c) It is now a well-established fact that the farm problem is directly related to other economic and social problems facing the Canadian economy and, therefore, cannot be treated separately and in isolation as just a farm problem. It must be related to the total problem facing the Canadian economy.

Therefore the policy adopted must be part of a well-planned national programme directed towards a solution to the growing problem of unemployment occasioned by automation and other factors in industry, as well as the mechanization and the cost-price squeeze in agriculture.

(d) The policy must have desirable social objectives:

- to encourage a desirable pattern of rural settlement;
- to provide optimum employment opportunity within the industry.

(e) The policy must be based on the principle of properly rewarding people for producing desirable food commodities and not retarding production either by downward price manipulation or piecemeal deficiency payment on an acreage basis, or otherwise.

The food surplus bogey can no longer be justified as a prime excuse to drastically restrict farm production and income.

(f) In the expert field there must be an associated national policy of long-term credit to under-developed nations for the purchase of Canadian foodstuffs.

This is a vital part of a sound marketing and farm income policy. It is not enough to await action in this regard through the U.N. Canada, as a surplus food-producing nation, can and must lead the way by proceeding alone if necessary in the interest of her own economic survival, as well as the survival of hungry people in under-developed lands. The recent food deal with China proves conclusively that great effective markets for Canada's comparatively small food surpluses can be made readily available by decisive action in providing long-term credit.

#### *Method of Policy Application*

1. It is first necessary to establish, as near as possible, the total annual costs of the Canadian agriculture industry as a whole, including operating expenses, taxes, rent, farm machinery, fertilizers, weed and insect control chemicals, seed and other supplies, depreciation on buildings, machinery, etc., interest on capital invested, labour costs, and value of inventory change, etc.

The total burden of costs the industry as a whole is expected to carry can be quite accurately established on the basis of existing statistical information. (See appendix for illustrations using Saskatchewan agriculture.)

Once this figure is arrived at no one can justifiably argue that the industry is not entitled to sufficient income to meet the total cost figure established. Any less income would certainly constitute continued evasion of the simple fact that no industry can survive on continued deficits year after year. These facts must be accepted by assuring the farmers of Canada that under such an agricultural policy no Canadian farmer will ever again experience the drastic fluctuations in price and shortage of income that has plagued this industry for generations.

2. The second step is to place the industry on a self-sustaining basis by providing sufficient income to meet its total costs. Obviously, the price technique must be used to this end because this is the only sound method of measuring and recording farm labour output. It also accepts the basis principle that *parity* income to farmers must be based on useful and productive labour to produce food commodities and thus contribute to the gross national product to make this economically possible. Implementation of this principle is necessary because existing income support payments by the Federal Treasury constitute a social liability charged against the rest of the economy without a corresponding contribution to the gross national product. Examples of this are the deficiency acreage payments made in Canada, and the so-called "soil bank payments" made in the U.S. These payments are not made to reward productive wealth, but are made to restrict production and provide minimum income without equivalent production. Expenditures on this basis, therefore, constitute a tax revenue liability. Paying people for producing goods and services adds to the gross national product and, as such, does not constitute a tax debt liability—even though such scheme is bolstered by the national treasury in terms of consumer food subsidies. It is a part of planned fiscal investment for full employment and economic stability for the entire Canadian economy.

3. Prices established must be based on long-term average yields for field crops, including fruits and vegetables, in order to provide sufficient income to farmers, pricewise, to permit suitable deductions at time of marketing to establish an *income* insurance fund against years of crop failures and other factors beyond the farmer's control that adversely affect farm family *income*.

4. Prices for livestock, dairy and poultry products should be based on prevailing production costs and current levels of production, and maintained in proper relationship to feed grain prices—in the interest of encouraging a balanced farm production programme.

5. Appropriate price differentials should be established in relation to grade quality for all farm products to encourage the production of high quality food commodities—much the same as presently prevails for grain under the Board of Grain Commissioners and prices established for wheat under the Wheat Board marketing system. Similar price differentials could be established for other farm products on the basis of grade quality. This is presently an accepted principle, even though improperly applied; however, appropriate price spreads based on grade should be maintained more steadily on a fixed relative price basis than the unjustified existing trade practices of abrupt and wide fluctuation often on a



day-to-day basis without regard to farm production costs or long-term supply prospects.

A degree of price variation to discourage production of poor grade products and encourage better quality products has justification, but price manipulation as a means of discouraging total production, as presently exists at the expense of farm income (law of supply and demand) has proven to be completely ineffective as a means of controlling surplus farm production, and has more than any other factor created injustice, hardship and distress in the agricultural industry.

Planned production goals by other means can be more effectively achieved without punishing the farmer by downward price manipulation. A successful degree of wartime planned production proved this can better be accomplished by rationally planning production in relation to effective market demand.

6. The price technique based on long-term average yields referred to in No.2, is the most practical method to equitably measure and record the productive effort of each to provide sufficient income to individual farmers, large and small alike. This would permit the establishment of an income stabilization fund to provide at least minimum income protection based on family farm needs against loss of income due to natural hazards or other factors beyond the farmer's control.

It is not, of course, enough to merely pay out money, pricewise, on the above basis to the industry as a whole to meet total costs. (Parity prices.) Income protection must be provided against loss of income due to climatic and other uncontrollable hazards as well.

It must be borne in mind that farm *income* stabilization is the *prime objective*. The price technique, as previously mentioned, is merely a method to this end.

It will therefore be necessary to institute a system of appropriate deductions based on the quantity and value of produce marketed by each individual farmer to establish such a fund. Allowance for this factor has been made in this proposal, pricewise, because prices for field crops are based on long-term average yields. No one would therefore be penalized, as is presently the case with deductions for P.F.A.A. The farmer who operates under favourable climatic circumstances and who produces above long-term average yields would certainly not be penalized. In addition, larger farmers, because of lower costs of production, could be expected to contribute more to such a fund, percentagewise. (This principle is well-accepted in the Income Tax field.) Such a system would not only provide a fund for an equitable redistribution of income within the industry in accord with minimum family farmer needs but would also discourage and restrict present economic pressures (cost-price squeeze) towards continuous and undesirable enlargement of farm units and unnecessary rural depopulation.

7. In summary, such a plan—

(a) realistically accepts the farm situation as it presently exists. It will therefore be more acceptable than any other plan.

(b) accepts the principle of equitably rewarding people for productive work.

(c) incorporates minimum *income insurance* (not just crop insurance) as an integral part of the marketing and farm income programme.

(d) will cause minimum disturbance to existing processing and marketing services, with the one exception that the government assumes responsibility for pricing since this important aspect can no longer be left to orthodox trade practices under conditions confronting modern day agriculture.

The Wheat Board system of marketing is a good pattern and example towards this approach. Other services rendered by the trade need not be disturbed, such as legitimate handling, processing, merchandising, etc. These services should, however, still be directed towards co-operative endeavour and/or marketing boards.

(e) it will be necessary for such marketing agency to exercise a measure of control over marketing, processing and merchandising costs to protect the consumer against unwarranted farmer-to-consumer price spreads and unjustifiably high consumer food prices.

Existing Milk Control Boards throughout Canada in this regard are so well established and accepted by farmers, the trade and consumers, that no one would want them done away with. Another well-accepted agency is the Board of Transport Commissioners, and other agencies who control rates and tariffs in the field of transportation. The principle is not new—especially where public subsidies are involved.

This approach to the farm problem was recommended, in principle, by the Special Select Committee of the Saskatchewan Legislature in the year 1956.

One very important factor remains. Who is to pay what will obviously be increased costs for food commodities? First of all, no one can argue that the farmer is not entitled to income reasonable commensurate with the industry's total costs. However, it is generally recognized that the burden of increased food costs should not fall on the individual farmer or consumer entirely—particularly, low income consumer groups. It therefore follows that the National Treasury could justifiably provide export subsidies when necessary and, more particularly, domestic consumer subsidies at a price level reasonably within reach of low income groups. This is already being done to a degree under the Family Allowance scheme and the Unemployment Insurance scheme. It is done in the U.K. In addition, export subsidies should be an acceptable proposal because Canadian agriculture now produces in a tariff-protected market and sells in an unprotected market. All of these steps would be in the interest of encouraging effective markets, both at home and abroad, for Canada's potential agricultural production.

As mentioned previously, this expenditure would not represent a tax debt liability because people are being paid for productive endeavour, all of which increases the gross national product and a means of substantial recovery to the Federal Treasury is available by way of increased tax collections by the Federal Government from the various tax fields at its disposal. This approach to the farm income problem would also provide a stable source of tax revenue for provincial and local government services. Furthermore, it is well known that in order to provide new employment opportunities it is necessary to appropriately increase the gross national product each year. Agriculture's contribution to

the gross national product should therefore be measured by the same standard of values as applied to other products and services in Canada's economy. Such a plan would therefore provide great new employment opportunities within the agricultural industry itself and in other sectors of the national economy as well.

The disastrous crop failure on the prairies in 1961 points up the need for an integrated marketing and farm income policy that will provide complete income protection in a comprehensive "one package" programme. Objection might be taken to the fact that no base period as the starting point is utilized in the above-outlined policy. A base period as a starting point is not sound as a practical method to establish farm prices in relationship to current total farm costs. Current farm prices should be determined on the basis of the industry's current costs, after which prices in the future can be revised annually, as required, by changes in farm cost index figures.

Certainly, a great deal more detailed thought must be given to alternative methods of gearing production as nearly as possible to actual market demand at home and abroad other than by the present ineffective and socially harmful method of making the farmer pay the whole shot by depressing farm prices to ruinous levels and driving him off the farm to be unemployed elsewhere. Much more thought must also be given to the most practical method of income transfer payments within the industry in terms of family farm needs. I am aware this approach to the farm problem is new and bold, but is there any practical alternative? Let's at least do some constructive thinking on it.

It is true, no scheme can be expected to achieve exact parity farm income to the industry as a whole or a completely equitable method of redistributing of that income to individual farmers within the industry. It will, however, provide a degree of income assurance to farmers, large and small, never before attained under any other proposal. It will place agriculture on a respectable self-sustaining basis. It will replace entirely the present concept in the public mind that agriculture is the recipient of periodic unnecessary handouts at the expense of the taxpayer. It will restore economic and social good health to an ailing segment of our Canadian economy.

In summary, the following basic guidelines are suggested for a comprehensive marketing and farm income policy for Canadian agriculture:

(a) that farm income support policies be based on the principle of rewarding farmers for productive labour;

(b) that total farm income for the agricultural industry as a whole be maintained in relationship to the industry's total farm cost;

(c) that prices for all farm products be established and maintained at appropriate levels to achieve the above objective and to firmly establish the industry on a self-sustaining basis, and to thus provide Canadian farmers with sufficient income to meet total farm operation costs, including costs of goods and services required by farmers to maintain rural living standards on a par with urban living standards;

(d) that such established prices be based on long-term average yields for all field crops, and that prices for livestock, dairy and poultry products be maintained in equitable relationship to feed grain prices;



(e) that provision be made in such policy for a graduated system of marketing deductions related to quantity and value of individual farm marketings to establish an income stabilization fund to permit a redistribution of income within the industry based on family farm needs and to also provide assured income protection against loss of income due to natural factors beyond the farmer's control.

## SUB-APPENDIX

BALANCE SHEET STATEMENT FOR SASKATCHEWAN AGRICULTURE  
1963-1965

Assuming that all commercial farm units in the province were incorporated into a single unit and as such kept proper accounting records. Assume also that this corporation is entitled to a rate of return of 5 per cent of the capital invested. Finally that labor costs would have to be paid before the net earnings of the farm was arrived at, and that such cost would be on the basis of an imputed annual "wage" of \$3,600 to the farm operator and his family for operating their portion of the farm enterprise. The data are based on official D.B.S. statistics unless otherwise stated. (Note field crop production in Saskatchewan 1963, 1964 and 1965 was *continually above* the long term norm.)

INCOME AND EXPENDITURE STATEMENT, SASKATCHEWAN AGRICULTURE 1963-65  
(millions of dollars)

	1963	1964	1965	Av. 1963-65
<b>INCOME</b>				
1. Gross sales, C.W.B. payments and P.F.A.A. payments or total farm cash income.....	698	838	886	807
2. Income in kind (value of farm produce consumed on the farm).....	58	64	73	65
3. Value — Inventory Change (grain and livestock, etc.).....	226	-114	49	54
Loss Income (1+2+3).....	982	788	1,008	926
<b>EXPENDITURE</b>				
1. Total operating expenses and depreciation charges (taxes, rent, farm machinery, fertilizer, seed, plus depreciation expenses of buildings and machinery).....	441	449	481	457
2. Interest at 5% on total capital invested basis: D.B.S. estimates of farm capital —1963—3,429,286,000 —1964—3,899,341,000 —1965—4,489,730,000.....	171	195	224	197
3. Labor cost (based on 90,000 farm operators and their families \$3,600).....	324	324	324	324
4. Total Expenditures (1+2+3).....	936	968	1,029	978
SURPLUS OR DEFICIT.....	+46	-180	-21	-52

NOTE: No allowance has been made for contributions to pension schemes, sickness and accident insurance, crop insurance, etc.

APPENDIX VIII

SUBMISSION

on behalf of CCF Members of  
the Saskatchewan Legislature

by

J. H. Brockelbank, M.L.A., Kelsey  
E. Kramer, M.L.A., The Battlefords

on

"Forestry in Saskatchewan"

to the

HOUSE OF COMMONS COMMITTEE ON AGRICULTURE,  
FORESTRY AND RURAL DEVELOPMENT

Regina, Saskatchewan,  
February 8, 1967.

Mr. Chairman:

We wish to express to your committee our thanks and appreciation for the privilege of making representations to you concerning the forests of Saskatchewan. At the same time we must say we are sorry you can only take one day in our province.

Saskatchewan has, like most other provinces, a great variety of terrain and resources. In the southwest we have the great open plains in the midst of which are the forests of the Cypress Hills. The park belt is from 150 to 250 miles wide extending from southeast to northwest. North of this is our forest belt. The most southern 100 to 150 miles of this belt contains most of our forests which have commercial importance at this time.

Our forests grow in a relatively dry climate. In much of the forest area the average annual precipitation is less than 15 inches. The fact that the average annual temperature of most of our forest area is below 32° makes it possible for forests to exist with such a small amount of moisture. Growth of our forests is not fast and the fire hazard is high because of the dry climate.

*History*

These forests were turned over to Canada by the Hudson's Bay Company in 1869. The first Dominion Lands Act which made provision for the disposition of timber was passed in 1872. The first forest reserve was created in the area in 1894 but no further reserves were set up until 1905.

Although the Province of Saskatchewan was established in 1905 it was a quarter of a century later before the Government of Canada gave to the province its lands, minerals and forests. In the depression and drought of the 1930's our forests suffered further from neglect and fires.



During World War II the chief idea affecting our forests was to produce large quantities of material for the war effort. At the end of the war a Royal Commission was established to look into the whole question of forests.

Following a recommendation of that Royal Commission Saskatchewan started making an inventory of our forests in 1947. In 1951 the Government of Canada made agreements for a term of five years with a number of other provinces as well as ours providing for sharing equally the costs of completing the forest inventory. In 1956 another five year agreement was signed providing for sharing costs on the same basis of certain inventory projects, growth studies and maintenance of the inventory.

The Roads to Resources program jointly financed by the province and Canada started about 1958 and continued for about 7 years. Approximately \$15 million was the total expenditure under the program. As a consequence some hundreds of miles of good all-weather roads were built in areas which otherwise would have been left without road access. It was a good program and we were sorry to see it terminated.

Other agreements were made covering forest access roads, forest protection or fire prevention, forest stand improvements, new forest nurseries, reforestation and the maintenance of the forest inventory. These agreements will terminate March 31, 1967 and it is stated they will not be renewed. In the 16 years covering the terms of these various agreements I believe the total contribution made by the federal government was in the neighbourhood of \$12 million. This included the Roads to Resources Program. This was not a large amount of money but I believe these programs did a great deal of very good work. I certainly regret to see them discontinued.

#### *Utilization and Depletion*

The use made of Saskatchewan forests in the nineteenth century had little effect. However, periodic fires burned over large areas from time to time so that when the first commercial production took place about the turn of the century not nearly all of our forest area was occupied by mature forests.

But there were large areas of choice, mature virgin white spruce which became very attractive to the forest entrepreneurs of Canada. Production of white spruce saw timber boomed, reaching a peak of 160 million board feet in 1912. Ten years later a low point in production—just over 10 million board feet was attained. This was followed by an irregular increase with production at the beginning of World War II reaching about 40 million board feet. During the war production soared to over 160 million board feet.

Saskatchewan's commercial forest area of about 38,000 square miles, half of which is "production forest" ten years ago contained just over 3 billion board feet of white spruce saw timber. A very large part of production has been of this class of material with the result that depletion of white spruce has exceeded growth.

On the other hand we have over 2.8 billion cubic feet of black spruce, jack pine and balsam fir which are suitable for pulpwood but production is such that these materials grow about four times as fast as they are depleted. The first pulp mill for Saskatchewan is now under construction and is expected to commence

operation in 1968. This will to some extent improve the utilization of pulpwood species.

Our principal hardwood, white poplar, grows rapidly and over much of our forest area. It is estimated there are over 3 billion cubic feet of it. At present a small amount of lumber is made from poplar. A few years ago two small mills were making poplar plywood but both have discontinued. The principal commercial use of poplar now is in a wafer board plant in north-eastern Saskatchewan. Like most other provinces we have great quantities of white poplar.

#### *Protection and Management*

Until after World War II there was not much available in the way of equipment to fight forest fires. Much of the battle against fire was hand work with shovels, buckets or hand pumps.

About 1945 the "Smoke-Jumpers" came into operation in Saskatchewan. They are trained fire fighters who get to the newly started fire quickly by aeroplane and parachute. Aeroplanes came into common use for fire detection patrols to supplement the observation towers.

The Department of Natural Resources established a construction branch which, among other things, built roads, made fireguards and put in dams. A great advantage of this program was that it made available when necessary heavy earth-moving equipment for fighting fires. More recently helicopters have been used for transportation of fire fighters and supplies and aeroplanes have been equipped with water tanks so they can water-bomb fires.

Even though our forests are relatively small when compared with some other provinces the cost of fire control and suppression has been an important item. Suppression, that is actual fire fighting seldom costs less than \$200,000 in a year and has been as high as over \$1.5 million in 1961 and in 1964 was over \$1.2 million. The control item which is the cost of detecting, preventing and being ready to fight fires—but not the actual fire fighting—amounts to a substantial sum but I cannot segregate it exactly. It would likely be more than a quarter of a million dollars annually.

The Government of Saskatchewan has consistently spent a great deal more on our renewable resources than has been collected in revenue from them.

Saskatchewan's forests are not as extensive as in some other provinces. The dry climate is a disadvantage and a hazard but the great part of the land in forests will be of no use for agriculture. Growth in our forests is slow—the rotation cycle for white spruce is estimated to be 110 to 120 years and for black spruce 100 years.

If our renewable resources are properly used and cared for they will be of more value to the people of Canada at the end of our second century than they are now.

It is almost impossible for a local government and not easy for a provincial government to make investments which will not bring returns for 50 or probably 100 years. But protection and good management of our forests will not bring quicker returns. Canada has the greatest interest in the resources of the future for it is recognized that the Government of Canada has the prime responsibility for the general economy of the country.

We do appreciate the sharing of costs of good programs by the federal government such as the inventory, re-forestation, forest access roads, fire control and others. We think those were good programs and we regret they have been discontinued. We also appreciate the good work done by the federal government in the field of technical research concerning our forests and we are glad this is not to be discontinued.

#### *Indirect Benefits*

In the preceding paragraphs we have dealt with forestry and the direct benefits accruing from it, and naturally, the costs of maintaining and protecting them. We must further consider what can be called by-products from the forests—game, fur, fish and tourism, all of which would be seriously affected if we did not have abundant, well protected, forest areas to shelter, house and maintain our fur and game animals, and conserve water for our streams, rivers and numerous lakes.

It further follows that the attraction of forest growth is an important feature in making any area more eye-pleasing and attractive to visitors to our lakes and resorts, as well as the sportsmen who range the entire forest area.

It is obvious that there is a direct revenue accruing to our province from these sources. Sport fishing licenses have brought in revenue ranging from \$245,929 to \$272,813 over the past seven years. Commercial fishing and fur farm licenses have similarly ranged between \$28,259 and \$32,994 during the same period. Hunting licenses have been more productive, totalling from \$607,277 to \$744,656 during that seven year period.

Indirect benefits cannot be accurately measured, however it is obvious that both provincial and federal governments benefit financially from the money spent by tourists and sportsmen in this country, whether they live here or come from other countries. We will not attempt here to place a figure value on the returns, but suggest that they are considerable, and the future potential even greater.

We deem it proper at this point to repeat that the "Roads to Resources" program was of tremendous benefit to the sport and tourist industry in our northland, coupled with the thousands of miles built by the province during the past two decades.

#### *Pollution*

While emphasis is constantly being placed on benefits from industrial development, we must remember that the dangerous by-product of industrial development is often water pollution. The Federal Government must maintain a militant stand, and we believe introduce new laws preventing pollution of interprovincial streams and rivers so that we do not find ourselves in the unhappy position of industrialized areas in the older parts of Canada, and the impossible situation of our neighbor to the south, where health authorities admit that most of the streams and rivers of the United States have become the cess-polls of America.

#### *Conclusion*

We urge your committee, Mr. Chairman, to consider the reinstatement of shared programs designed to protect and improve our renewable resources in



Canada. Such programs would be effective incentives to the provinces to invest more in the long term future of Canada.

We would also suggest that the Government of Canada might adopt a policy which would share the costs of fire suppression when those costs exceeded some agreed amount.

Mr. Chairman, we would like to thank your colleagues and yourself, for affording us the privilege of presenting this brief to you. We trust that you will give it your serious and sympathetic consideration.

John H. Brockelbank,  
M.L.A. for Kelsey

Eiling Kramer,  
M.L.A. for The Battlefords

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Supplementary Comments by E. Kramer, MLA  
SUBMISSION

to the

HOUSE OF COMMONS COMMITTEE ON AGRICULTURE,  
FORESTRY AND RURAL DEVELOPMENTRegina, Saskatchewan,  
February 8, 1967.

The statements made by the Saskatchewan Royal Commission on Forestry (1947) relating to a national responsibility for forest stands and forest production are essentially unchanged. Data require up-dating.

It is undesirable to suggest a federal role in forest management. This must remain the responsibility of the provinces.

There is still a need for federal assistance and I believe justifiably so, in the areas of:

- (1) original inventory (inventory maintenance should be provincial responsibility) and forest land capability.
- (2) acquisition and afforestation or reforestation of sub-marginal and marginal agricultural lands.
- (3) fire suppression during "extreme" forest fire seasons. (Assistance to be provided in form of support and water bombing aircraft, use of military personnel and cost sharing.)
- (4) disease and insect control for major outbreaks.
- (5) research—all phases of forest research including, and with special emphasis on forest products development. Of particular concern to Saskatchewan is the development of additional utilization of aspen.
- (6) wood-lot development—i.e. extension forestry
- (7) training programs for woods and mill operations.

Basically, it is not desirable to promote individual resource oriented federal-provincial cost sharing agreements. These have the effect of directing attention and funds to a single resource problem rather than to the total complex of resource oriented problems. This suggests a regional or area approach to resource development. Many of the forestry problems may be attacked through the present ARDA program. A broadening of the intent and scope of ARDA would be more desirable than entering into another Forestry Agreement.

Items (3) and (4) above, normally are considered provincial responsibility. During crisis situations federal assistance is essential since in a crisis situation the province will be considered at the limit of its capability to handle the problem. It then becomes of national concern and federal participation justifiable.

Item (5) is properly a national concern, is now being done but requires additional inputs in most problem areas.

## APPENDIX IX

Submission

to the

*House of Commons Committee on Agriculture, Forestry  
and Rural Development*

by the National Farmers Union

Regina, Saskatchewan, February 8, 1967.

Submission

to the

The National Farmers Union welcomes the decision of this Committee to hold regional hearings on agriculture outside of the nation's capitol. In reviewing your itinerary, we note that it is one designed to familiarize yourselves with a major sector of the agricultural economy, the complex and often perplexing grain industry. Your Committee is in the process of examining the grain marketing system and facilities related to grain marketing, grain handling facilities both country elevator and terminal, and the area of transportation, all of which relate to the process by which grain moves from the producer to the ultimate consumer.

*Background of Farm Movement*

Before dealing with matters of common concern relative to grain and other Canadian agricultural matters, we believe for the information of those members of this Committee residing outside of the prairie region it would be an appropriate time to relate in greater detail than usual some of the pertinent facts about the provincial farm unions affiliated with the National Farmers Union and of the Saskatchewan Farmers Union in particular.

As you may know, our movement represents some 75,000 farm families in Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. Each provincial farm union operates autonomously. All provincial farm union organizations are based on the payment by farmers of a voluntary annual membership.

In the province of Saskatchewan, the name of the voluntary organization has changed a number of times since the late Honourable W. R. Motherwell originated the farm union movement at Indian Head in 1901. Since that time it has continually carried on as a direct-membership organization whose function is that of education and protection.



In 1901, farmers organized because railways held a monopoly on transportation for grain and as a result of this monopoly, offered monopoly control to grain companies for the purpose of doing business with grain producers. At that point in time, farmers could not secure boxcars for the purpose of transporting grain out of the area. Through a court case which is famous and well known in this country as The Sinaluta Trial, farmers of western Canada secured the right to the use of the Car Order Book.

Following this, farmers entered into their first commercial activity, when they established the Grain Growers Grain Company in 1906 (now the United Grain Growers). After much difficulty with the Winnipeg Grain Exchange over procuring a seat on the Exchange, the fledgling company began its operations of marketing grain for farmers on a consignment basis.

However, problems continued, and following the recommendations of a Royal Commission in 1910 which investigated the grain trade, a co-operative elevator system was organized in 1911.

In 1910, mass western farm protest demonstration in Ottawa demanded free trade or "reciprocity" with the United States. Out of this, in 1912, came the establishment of the Board of Grain Commissioners whose task it is to administer the Canada Grain Act in the interests of the grain producer.

Earlier today you visited an elevator of the Saskatchewan Wheat Pool. The organization of the present day Saskatchewan Wheat Pool in 1924 was initiated by the Farmers' Union of Canada, a breakaway group of the Saskatchewan Grain Growers Association. The Saskatchewan and Alberta pools were organized following the actions of the Farmers' Union of Canada to bring in the famous American co-operator, Aaron Sapiro. They were originally intended as a grain marketing agency. However, the beginning of the Great Depression in 1929 shattered this dream after only short-lived success, and farm pressure in western Canada increased for the reinstatement by government of the Canadian Wheat Board.

The Saskatchewan Grain Growers Association, through its SGGA locals, had, in 1912, engaged in the bulk purchase of farm supplies including such commodities as binder twine, coal, kerosene, fenceposts and flour.

In 1928, the trading arm of what had become the United Farmers of Canada (following amalgamation of the Farmers Union of Canada and the Saskatchewan Grain Growers Association) was separated from the direct membership organization. The trading department became part of the Saskatchewan Co-operative Wholesale Society which is today known as Federated Co-operatives Limited, operating in the three prairie provinces and British Columbia, with one outlet in Western Ontario.

In 1944, the organizations now known as the Farmers' Union of Alberta and the Saskatchewan Farmers Union formed the Interprovincial Farm Union Council. The organization of farmers' unions took place in Manitoba in 1950 and in Ontario and British Columbia in 1951, at which time they also became members of the Interprovincial Farm Union Council. In 1960, the name of the Interprovincial Farm Union Council was changed to the National Farmers Union.

At the same time, as the farmers' movement has been engaged in developing commercial enterprise, farm union members insist upon separating the commercial functions from the functions of education and development.

While this resume of farm union history has, of necessity, been brief, we trust it will assist you in understanding better the basic role which our type of farm organization fulfils. The farm unions have no political axe to grind and no vested commercial interests. We exist for one reason alone; to be the farmer's educational and protective association.

In recent years farmers have heard a good deal about and been lectured to at great length by experts on the virtues of farm efficiency. These experts include not only those from the universities and government, but from commercial organizations, including those from the farmers' own co-operatives.

We have no quarrel with improved production efficiency. We have no quarrel with improved market efficiency. We have no quarrel with increased distribution efficiency. The quarrel we do have is with those who continually emphasize improved farm efficiency without looking elsewhere for improvements. We believe other areas for improved efficiencies also exist.

What about efficiencies of marketing? What about efficiencies in grain handling? What about efficiencies in storing and transportation? Efficiencies in grain handling both in the country elevator system and at the terminal? Efficiencies in transportation in terms of the kind of technology that railways are using? Efficiencies in the terminal system in terms of the kind of technology that is available for loading large ocean-going vessels? Efficiencies in terms of the distribution of farm supplies and the handling of livestock?

There used to be an old saying in the country which said: "All the farmer needs to know is the way to town and the businessman will look after him after that."

### *Grain Handling, Marketing and Transportation*

In light of your various activities this week, it might be appropriate to review some of the quickly descending problems on the farm front as we see them, in terms of the present overall grain handling and marketing situation as it presently affects producers and the nature of possible future trends.

There has been a tremendous increase in farm capitalization in prairie agriculture. Mechanization over the past twenty years has replaced much farm labor. Prairie grains in general and wheat in particular are sold on the world market at world market prices and for this reason the prairie grain producer's ability to remain in business is geared to his productive ability, his ability to acquire larger amounts of input capital and a price for his product sufficiently remunerative to remain in production. He must be as efficient as every other foreign producer and sometimes meet the competition of foreign subsidized production. In short, agriculture generally is on an economic treadmill which extracts growing demands on the farmer's ability to adapt and compete.

Much of the pressure for expanding farm efficiency and production originates with government and industry. For example, government sponsored plant research produces better varieties of cereal grains. Through research, plant diseases are being contained and yield gains improved through the use of

insecticides and herbicides. Government credit programs have hastened the mechanization of grain production and accelerated the trend toward larger farm units.

The growing use of fertilizer is adding to the potential production factor of the farmer, as are improved methods of cultivation and tillage and the development of more efficient and sophisticated farm machines.

The farmer, to remain abreast of these changing trends and developments, increases and expands his production inputs. As his input costs per acre rise, his need for a good crop every year also rises.

We need not remind this Committee of the thousands of farmers who are not able to maintain the pace set by economic pressures for greater levels of efficiency. Many of these are in a transitional stage of production and may live in a culture of rural poverty or near-poverty. Of these, some are in the middle-age bracket, and the outlook for their retirement years will be closely tied to the potential retirement fund they may eventually acquire from the sale of inadequate land resources which they now possess.

In short, the modernization and reorganization of prairie grain production has proceeded at a relatively rapid rate over the past twenty years, compared with other segments of industry related to the handling and marketing of grain such as our country elevator system or rail transportation system. The inefficiencies in these systems are becoming increasingly more costly to the primary producer.

As a consequence of heavy duplication of country elevator facilities at numerous delivery points, it is fairly obvious that many of these facilities are not handling sufficient volume of grain to operate at a profit for their owners. This can only mean that the tariff structure covering the entire system must be large enough to pay operators a profit on the operations of the total system to cover the losses of low-volume facilities.

On this matter, we have approached the Board of Grain Commissioners for relative data which might suggest a break-even point on country elevator handlings. On this matter, Mr. E. E. Baxter, director of the statistics division of the Board has advised that a "general rule of thumb" within the grain trade of previous years has been that a country elevator needed to turn over its capacity 3.5 times per annum and have an average storage of approximately 45 per cent to 50 per cent of capacity at all times in order to break even.

Although Mr. Baxter points out that this is a general, broad position and may vary from elevator to elevator and according to capacity situation, it does, nevertheless, take on considerable significance when considered in the light of the following breakdown provided by Mr. Baxter on the country elevator handling pattern in 1964-65 crop year.

"(1) At the present time there are 233 prairie shipping points at which there are five or more elevators. This numerical count is not necessarily in itself proof of uneconomic duplication; there are ten major country elevator companies and allowing for the provincial segregation of the individual Pools, we could justifiably have eight companies represented at any point. However, a further examination of these high density



points does suggest that they may be over-serviced. These 233 points involve some 1,322 elevators with a total capacity of 116.7 million bushels but an average aggregate annual handling of only 157.5 million bushels. This yearly volume represents a capacity turnover of only 1.3 times.

"(2) There are only 135 shipping points at which the average annual turnover ratio is 3 to 1 or better.

"(3) There are still 117 points at which the handling ratio is less than 1 to 1 or, in other words, where the storage capacity is not completely turned over in 12 months.

"(4) There are 575 points at which more than one company is trying to achieve an economic operation on their share of less than 300,000 bushels of business annually. Again this does not necessarily imply an uneconomic operation at all or any one point; two 50,000 bushel elevators might be a sound operating arrangement if they each handled 150,000 bushels per year."

The preceding paragraphs illustrate the pressing need for the introduction of more orderly planning in the construction of country elevator facilities on the prairies. It raises serious doubts as to the advisability of permitting elevator companies to construct facilities at will in various delivery points and raises the need for grater planning of location in the construction of future facilities.

The congestion of country elevators because of poor markets and low quotas following the post-war years and the early 1950's, has resulted in a tremendous expansion of grain elevator storage facilities. It has, in large measure, been a duplication of the storage facilities required in any event to be built by the individual farmer. This has proven to be a lucrative form of income for elevator companies at both government and farmer expense.

Only recently have railway companies shown any indications of changing the designs of railway boxcars enabling them to be more economically and speedily loaded than the conventional types.

The imminent threat of branch rail line abandonment in many areas will place still greater pressures for increased marketing costs on farmers. Many of the so-called uneconomic rail branch lines are, we believe, largely uneconomic because of the failure of railway companies to upgrade their own operations. Pressures will continue from elevator companies for higher tariffs to cover losses which may result to them through abandoned houses and the need for increased capital to build new and larger facilities on remaining lines. Many thousands of farmers will be affected through being required to haul grain to delivery points many miles further than has been the case traditionally. Farmers will be further affected through increased municipal tax assessments for the upgrading of rural road systems which will be required to withstand the weight of larger vehicles which will be needed to haul grain greater distances.

The farmer, in short, is going to bear a major share of the cost burden in updating grain handling and transportation facilities.

Terminal facilities at both the west coast and the lakehead are probably becoming obsolete more rapidly than we may realize in light of the future possibilities which exist for the rapid movement of grain through the use of such

devices as integral trains and bulk loading facilities, even if employed on a modified basis.

It is possible that your group may have viewed bulk loading facilities in use at the Port of Vancouver for the movement of such bulk commodities as potash, sulphur and iron ores.

The major blocks to the adoption of a bulk loading system for the movement of prairie grain is the cleaning process of the grain itself. It has been suggested that inland government terminals such as the ones located in Saskatoon and Lethbridge might be modified and employed as direct grain delivery houses by producers. Here grain could be cleaned to export standards for rapid loading into hopper cars and shipped either east or west for loading into ocean-going vessels through the rapid loading methods of bulk terminal facilities. This concept is a far cry from the present multi-stage system applied to the handling, storage and movement of prairie grain.

We would suggest these terminal elevators remain under the management of the Board of Grain Commissioners, and producers assign their deliveries to the account of the elevator company of their choice. Similarly, two or more companies could jointly construct other terminals at strategic points for operation under joint management.

Grain could be cleaned to export standards at such facilities, thereby saving the farmer the cost of shipping screenings to lakehead or coast terminals. It would further speed up the loading of vessels at ports since the cleaning process now frequently results in delays. Hopper cars might be used exclusively for hauling from such facilities since they can quickly discharge grain, thereby enabling a rapid turn-around of railway rolling stock.

There is no doubt the cost of modernization of the present grain handling system will be extracted in the long run from the producer himself. However, it is our view that care should be taken to avoid the pitfalls of the past which have permitted the costly over-expansion of grain handling facilities. The injection of proper planning into the future structure of our grain handling and transportation system cannot be over-emphasized and is an area in which government has a legitimate interest in providing guidance.

#### *Canadian Wheat Board*

Prairie grain producers grew the largest wheat crop on record in 1966. The successful negotiation of new sales contracts with the USSR and the People's Republic of China, in addition to our traditional overseas markets, once again places Canada's export potential for 1966-67 in a very favorable position. Wheat no doubt will continue to enjoy the position of a top foreign exchange earning commodity for at least the foreseeable future. Prairie grain growers have just recently received their settlement for the 1965-66 crop year. It is the largest final payment on record and producers would be the first to concede that the marketing skills of the Canadian Wheat Board are largely responsible for this fine marketing record.

The Canadian Wheat Board enjoys a high reputation with the vast majority of grain producers. Any other form of marketing would, by comparison, have been chaotic and disastrous to grain producers in recent years of high production.

There is no doubt farmers wish to continue the orderly marketing system of the Canadian Wheat Board in future years. Producers are concerned, however, that legislation authorizing the operations of the Canadian Wheat Board has never been permanently adopted by the Parliament of Canada, but has instead been renewed on a temporary basis at three-year intervals.

We take this opportunity to invite the Government of Canada to place the operations of the Canadian Wheat Board on a permanent basis for the export and domestic marketing of prairie grain.

#### *Rye, Flax and Rapeseed*

Currently, wheat, oats and barley produced on the prairies fall under the marketing jurisdiction of the Canadian Wheat Board. Our organization has for many years advocated the inclusion of rye, flax and rapeseed under the Canadian Wheat Board marketing structure. We reiterate our request at this time for the following reasons:

(a) The farmer who produces these grains is subject to the quota regulations of the Canadian Wheat Board, and is therefore denied the management decision of when to sell since he is limited by delivery quotas and space at country elevators. These circumstances are completely incompatible with open market sales methods.

(b) Because of these limitations and the fact that the day-to-day quotations for these grains fluctuate greatly, the best interests of farmers would be served through the price-pooling method employed by the Board in the sale of wheat, oats and barley.

(c) While the overall production of these three grain is comparatively smaller than the volume of wheat, oats and barley produced, they are nevertheless major export commodities. In 1966, 13.7 million bushels of rye were produced, 23 million bushels of flaxseed and 25 million bushels of rapeseed. Exports of *rye* in the 1965-66 crop year were just over 8 million bushels. *Flaxseed* exports totalled 18.9 million bushels and were 32 per cent larger than the 1964-65 level of 14.3 million. Exports of *rapeseed* in 1965-66 amounted to a record 13.6 million bushels compared with 9.3 million the previous year.

We recognize that the oilseeds such as flax and rapeseed have marketing problems which are not peculiar to other grains since they can be readily substituted on the market by various other types of vegetable oils. However, we believe that the orderly marketing structure of the Canadian Wheat Board would be more beneficial to the long-run interests of producers than is the present method of futures marketing through the Grain Exchange.

#### *Initial Price for Wheat*

The size of the final payment made by the Canadian Wheat Board for the 1965-66 crop year clearly indicates that producers are being underpaid on the value of their grain deliveries at the present level of the initial payment for wheat. We therefore recommend that the level of the initial payment be increased from the present \$1.50 to \$1.75 per bushel basis No. 1 Northern Fort William-Port Arthur.



*International Wheat Agreement*

For three successive years, renewal of the International Wheat Agreement has been agreed to for one-year periods. However, the floor-ceiling prices of export sales under the Agreement have remained unaffected.

It is generally felt among producers that the current floor and ceiling prices of \$1.62½ and \$2.02½ U.S., are no longer realistic in terms of the present marketing conditions and world demand for wheat.

Our organization supports the principle of a long-term commodity agreement such as has been represented by the IWA. However, we urge that in the renegotiation of a new agreement, the ceiling price be increased to at least \$2.50 per bushel basis Ft. William-Port Arthur.

*Dairy Policy*

We welcome the appointment of a National Dairy Commission as a proper step in regulating the dairy industry in Canada. It is our hope that the Advisory Committee of the National Dairy Commission will be permitted to play a meaningful role in the guidance and development of a sound dairy policy for Canada.

One of the first official acts of the Commission thus far has been the purchase of 1,000 long tons of New Zealand butter to meet deficiencies in winter supplies of this commodity in western Canada. This has been prompted by the decline in government stocks of approximately 20 million lbs. below the figure of last year.

The Canada Department of Agriculture reports that in 1966 the National Dairy Herd was the smallest of the past 46 years. A decline of 86 thousand head from 1965 was noted and the total number of dairy cows was stated to be 6 per cent lower than in 1961. All provinces with the exception of Quebec shared in the reduction which averaged 7 per cent in the prairie provinces and 6 per cent in the maritime provinces. In British Columbia, the decline in cow numbers was 2 per cent and in Ontario it was 3 per cent. In 1966 farms in Quebec and Ontario were reported to have 71 per cent of the National Dairy Herd and produced a similar proportion of milk.

It is clear that the decline in national milk production is largely due to the delay of the federal government in providing an adequate level of prices to producers for manufacturing milk which would compensate for the rapidly rising costs of production.

The dilemma of the manufacturing milk producer rests in part at least in the fact that his standards of production and his capitalization costs have been rising steadily while the prices he has received have not kept pace with pressures to improve his efficiency. The entire dairy business is highly complicated and is fragmented by the jurisdictions between provincial markets for fluid milk which are governed by provincial milk control agencies and the federal jurisdictions covering all other classes of dairy products. This situation, we believe, could be substantially corrected by having all dairy product processing facilities to be declared as works to the general advantage of Canada and as such be made agents of the National Dairy Commission for the purpose of regulating prices of dairy products from the producer to the consumer.

Provincial milk marketing agencies might also operate under the jurisdiction of the National Dairy Commission for the purpose of regulating production, pricing and distribution of dairy products with the objective of pooling all classifications of milk to realize a blended milk price to all producers.

We believe that one of the first actions of the Dairy Commission should be to increase the price on all quality milk used in other than the fluid milk market to a level which will net the producer a price of \$5 per cwt., with corresponding prices applicable to farm-separated cream.

The new Dairy Commission will be in an ideal position to assist the federal government in implementing a food aid program to needy countries in that it will be able to assist in planning the production of dairy products in Canada on a continuing basis for this purpose.

We are, of course, aware of the reported statements of the Minister of Agriculture at the recent Dairy Farmers of Canada Annual Convention held in Winnipeg. He emphasized that dairy farmers cannot expect an increase in direct subsidies for the coming year and that any moves to assist the dairy farmer cannot be based in the coming year on more money from the taxpayer's pocket.

May we merely observe at this time that increased prices in dairy products which result from supply shortages might in future come out of the pockets of taxpayers in their role as consumers in perhaps larger quantity than would be the case if a sound and stabilized dairy industry is established.

The federal government must not forget that it holds far greater sway over the future economic destiny of agricultural producers than it does over those segments of our economy that contribute to the rising cost of farm production.

It should not, therefore, demand more from agricultural producers than it demands from such other segments in our economy.

#### *Tolls—St. Lawrence Seaway*

Our organization views with alarm the possible approval by government for bids by the St. Lawrence Seaway to impose tolls and lockage fees on the Welland Canal.

While our views have on a previous occasion been made known to the St. Lawrence Seaway Authority, we take this opportunity to reiterate them at this time.

These, briefly stated, are summarized as follows:

(1) Our views are directed specifically to the proposals of the Authority for tolls on grain shipments to be progressively increased to an average of 11 cents per ton on bulk cargo, and lockage fees on the Welland Canal similarly increased to \$100 per lock by 1971.

Toll increases of 11 cents per ton, we estimate, would amount to increased shipping costs on grains shipped out of Fort William—Port Arthur by 1971 approximately as follows:

Wheat .....	1/3 ¢ per bushel
Oats .....	1/5 ¢ per bushel
Barley .....	3/10 ¢ per bushel

These added tolls on lake shipments of grain out of Fort William—Port Arthur will consequently be reflected in lower returns to primary grain producers.

For this obvious reason, toll increases would, to this extent, be a decided disadvantage to grain producers.

(2) In terms of the relative costs of grain movement by water and rail, the Seaway must almost certainly be regarded as exclusive. Vessel shipments from Fort William—Port Arthur of the three major classes of grain in the 1964-65 crop year, for instance, totalled 364,057,000 bushels as against rail shipments from these ports of only 6,122,402 bushels.

(3) The argument advanced by the Seaway Authority for increased tolls as a means towards encouraging the size and efficiency of vessels using this water route is of questionable validity. While it can be argued that higher tolls will decrease the competitive position of smaller vessels, we question whether the increase in size and efficiency of vessels alone is entirely valid at a time when it is admitted that "The Seaway is operating with transit capacity to spare; the present toll structure creates no particular problem".

We believe it would be a much more pertinent argument to advance if the use of the Seaway by smaller vessels was creating a bottleneck, thereby hindering the passage of larger vessels.

Consideration must also be given to other factors related to this question. For example, in certain classes of general cargo, larger capacity carriers may not be the most efficient in terms of the class of goods being conveyed. Larger vessels might, in actual fact, slow the movement of goods from the manufacturer in one part of Canada to the purchaser in another if shipment is delayed by more frequent docking for bulkheading and loading of larger vessels than is required by smaller vessels. This could shift traffic from the Seaway to rail, a possibility which the railway companies would undoubtedly welcome. Higher tolls and lockage charges on small vessels would have the same effect and would not necessarily result in the investment in larger vessels by shipping companies. Increased tolls will, in fact, make the Seaway less competitive than it now is for certain classes of goods.

(4) Average toll rates on bulk cargo are now 42.55 cents per ton and 98.20 cents per ton on general cargo. The proposed increases to be phased in by 1971 would amount to 53.89 cents per ton on bulk cargo and 130.25 cents per ton on general cargo, or by 25.8 per cent and 32.6 per cent respectively. These increased toll charges would apply not only to the current volume of traffic but to expected future increased volumes as well.

It is clear, therefore, that should the predicted rate of traffic growth materialize, toll increases would not be necessary in order to make the Seaway self-sufficient by no later than 1980 and could very possibly make it so much earlier.

(5) A proposal is also made by the Seaway Authority to introduce lockage tolls on the Welland Canal to progressively take effect over the next five years to a maximum of \$100 per lock or \$800 for passage through eight locks. This, it is

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<sup>1</sup> Page 11, "Summary of Future Traffic Estimates and Toll Requirements" St. Lawrence Seaway Authority.



argued by the Seaway Authority, "would reward efficiency in the use of canal capacity, would have the added effect of promoting efficiency through the Seaway, in harbor operations and in shipping capacity utilization." The Seaway Authority states further that such a fee would encourage the arrangement of multiple lockages for small ships. It notes that at present, tandem lockages are formed only when two small ships happen to be in a line-up.

It is our view that tandem lockages can be encouraged through the employment of other means than by the imposition of high lockage fees. It could, for example, be a requirement of the Seaway that tandem passage of smaller ships through the Seaway is a necessity in order to pass through the canal toll-free, and this would, in turn, equally assist in encouraging tandem lockages. The recommended lockage tolls in our view are more for the purpose of eliminating smaller vessels from the Seaway than for the purpose of encouraging tandem lockages. The imposition of lockage tolls on the Welland Canal would also make the Seaway less competitive rather than more so.

For the various reasons described above, we recommend:

- (1) That toll charges on bulk and general cargo passing through the St. Lawrence Seaway remain unchanged.
- (2) That the Welland Canal remain as a toll-free passage for all bulk and general cargo vessels.
- (3) That the federal government continue to subsidize Seaway operations until such a time as volume of traffic is able to make the Seaway self-sufficient.

All of which is respectfully submitted by

THE NATIONAL FARMERS UNION.

OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

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lation, Secretary of State.

LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS  
First Session—Twenty-seventh Parliament  
1966-67

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STANDING COMMITTEE  
ON  
**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 30

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THURSDAY, FEBRUARY 9, 1967

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Respecting  
The Annual and Supplementary Reports of the  
CANADIAN WHEAT BOARD  
for the Crop Years 1962-63, 1963-64, 1964-65

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WITNESSES:

*From the Canadian Wheat Board;* Mr. W. C. McNamera, Chief Commissioner; Mr. J. B. Lawrie, Assistant Chief Commissioner; Dr. R. L. Kristjanson, Commissioner; Mr. C. E. G. Earl, Executive Director.

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ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967



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Mr. Beer,	Mr. Godin,	Mr. Olson,
Mr. Berger,	Mr. Grills,	Mr. Peters,
Mr. Cadieu ( <i>Meadow Lake</i> ),	Mr. Gundlock,	Mr. Pugh,
Mr. Choquette,	Mr. Honey,	Mr. Rapp,
Mr. Clermont,	Mr. Hopkins,	Mr. Ricard,
Mr. Comtois,	Mr. Horner ( <i>Acadia</i> ),	Mr. Roxburgh,
Mr. Côté ( <i>Nicolet-Yamaska</i> ),	Mr. Johnston,	Mr. Schreyer,
Mr. Crossman,	Mr. Lefebvre,	Mr. Stafford,
Mr. Danforth,	Mr. Madill,	Mr. Stefanson,
Mr. Faulkner,	Mr. McKinley,	Mr. Tucker,
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> )
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Châteauguay- Huntington-Laprairie</i> ),
	Mr. Neveu,	Mr. Yanakis—45
	Mr. Noble,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

THURSDAY, February 9, 1967.  
(41)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 8.10 o'clock p.m. in the Provencher Room of the Fort Garry Hotel, in the City of Winnipeg, the Province of Manitoba. The Chairman, Mr. Whelan, presiding.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Berger, Cadieu (*Meadow Lake*), Clermont, Comtois, Coté, (*Nicolet-Yamaska*), Crossman, Danforth, Forbes, Gauthier, Gendron, Godin, Grills, Gundlock, Hopkins, Horner (*Acadia*), Johnston, Jorgenson, Laverdière, Lefebvre, Madill, McKinley, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Nowlan, Olson, Peters, Rapp, Ricard, Schreyer, Stafford, Stefanson, Tucker, Watson (*Assiniboia*), Whelan (37).

*Also present:* Mr. S. J. Enns, M.P.

*In attendance:* From the Canadian Wheat Board; Mr. W. C. McNamara, Chief Commissioner; Mr. J. B. Lawrie, Commissioner (Assistant Chief); Dr. R. L. Kristjanson, Commissioner; Mr. C. E. G. Earl, Executive Director; Mr. Peebles Kelly, Treasurer; Mr. S. A. Hornby, Secretary; Mr. F. T. Rowan, Sales Manager, Wheat; Mr. H. B. Monk, Solicitor to the Board.

The Chairman made an opening statement and pointed out that committees are portions of the House of Commons, and that this meeting was a regular Committee meeting at which all the rules and procedures followed in the Commons apply.

The Committee resumed consideration of the Annual and Supplementary reports of the Canadian Wheat Board for the crop years 1962-1963, 1963-64, 1964-65.

The Chairman introduced Mr. McNamara and asked that he introduce the officials who had accompanied him.

Mr. McNamara then made a short statement and the members of the Committee proceeded to question him.

Later at the request of the Chairman it was

*Agreed,*—That the Committee have a short adjournment to allow photographs to be taken.

After the Committee reconvened, discussion arose as to when the Board of Grain Commissioners would appear before the Committee.

Later it was

*Ordered,*—That the Committee would meet on Friday, February 10, 1967 at 9.15 o'clock a.m. and that the Board of Grain Commissioners appear at that time.

After further discussion, it was

*Agreed*,—That if time permitted, the Manitoba Wheat Pool would be called to appear at the morning meeting of February 10.

The Committee continued the questioning of the officials from the Canadian Wheat Board.

During questioning, Mr. McNamara tabled a statement he had prepared on "Demurrage", and it was

*Agreed*,—That the statement on Demurrage tabled by Mr. McNamara be printed as an appendix to the Minutes of Proceedings and Evidence (*See Appendix I*).

Questioning continued and at 11.45 o'clock p.m. the Chairman adjourned the meeting to 9.15 o'clock a.m., Friday, February 10, 1967.

Michael B. Kirby,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

THURSDAY, February 9, 1967.

The CHAIRMAN: Gentlemen, I see a quorum. I will call the meeting to order.

For the information of the people who are in the audience tonight I would like to remind them that standing committees are portions of the House of Commons and that this is a regular meeting of the Standing Committee on Agriculture, Forestry and Rural Development. The ordinary rules of procedure, which are followed at committee meetings in Ottawa will be followed here.

We are here because the Minister, acting on behalf of the wheat board, asked the permission of the House to have the estimates of the Canadian Wheat Board submitted to this Committee for study and for this Committee to report back to the house.

I would like to say at this time—and I am sure that I speak for all committee members present—that we are happy to be here in Manitoba. We know that the Committee will benefit greatly from its presence here.

I would remind the committee members that they should be on their best behaviour tonight because, unknown to them, we let some political science students know that we were holding this committee meeting here in Winnipeg tonight and asked them if they would care to attend; we informed them that they were perfectly welcome. I hope you will use as great a degree of parliamentary procedure as your ability will allow for the benefit of all those present.

The Committee has held hearings so far in Vancouver, Calgary and Regina, and we are now holding them in Winnipeg. We are better informed now than when we started the meetings and we hope we will be even more fully informed after we have finished the meetings here in Winnipeg.

We have with us tonight, as the first witness who will be heard in the city of Winnipeg, members of the Canadian Wheat Board. Mr. McNamara, who has the great responsibility—I do not know whether I should say all on his own—has some of his officials with him tonight.

Without further ado I will ask Mr. McNamara to take over and to introduce his officials and then proceed with a brief comment before the questioning takes place.

Mr. W. C. McNAMARA (*Chief Commissioner, Canadian Wheat Board*): Mr. Chairman, ladies and gentlemen, first let me assure the Committee that we of the Canadian Wheat Board very much appreciate the opportunity of meeting the Committee to discuss our activities with them. This is particularly true tonight in that we are meeting in Winnipeg, where the head office of our board is situated.

Mr. Chairman, it is my understanding that the Committee has not yet completed its analysis of our 1964-65 annual report, which was submitted to them by Parliament last spring. I gather it to be your intention to complete the review of our 1964-65 operations at this meeting.

In so far as our 1965-66 operations are concerned the annual report has not yet been presented by our minister to Parliament for consideration. As a matter of fact, it has not yet been completed by ourselves. However, this report, which covers the 1965-66 operations, should be presented to Parliament within the next two months, and I would hope that shortly thereafter we will have the opportunity and the privilege of discussing with you in some detail our activities for that particular year.

I am sure that you will all appreciate, however, that the details of our operations should not be made public until after our report has been referred to the Committee by Parliament. It will not, therefore, be possible for us to go into the same type of detailed explanation regarding 1965-66 or our current operations at tonight's meeting. However, Mr. Chairman, I want to assure the members of this committee that we will be as helpful as possible and will supply you with just as much information as we can, relating not only to 1964-65 and 1965-66 but to the current operations as well, to the extent that such information as requested by you, on current operations, can be disclosed by us without pre-empting our responsibility to Parliament, or giving information that might prejudice our current marketing operations.

Before you open the meeting for general discussion may I be allowed to introduce to the Committee my colleagues who are with me tonight.

I should explain to the Committee that two members of our board are absent from the city. Mr. Treleven, one of the commissioners, is at present in Geneva, as our representative on the GATT-Kennedy Round discussions; and Mr. Vogel left this evening for an extended visit to some of our main markets in Europe.

Mr. Lawrie, the assistant chief commissioner, is with me tonight; stand up, Jim, and let them have a look at you. Then we have Dr. Kristjanson, the fifth member of our board. I also have with me Mr. Gordon Earl, our executive director, and Mr. Stan Hornby, our secretary. Both of these gentlemen, I understand, have had the pleasure of travelling with the Committee this past week. I do not know whether they were looking after you or you were looking after them, but we are glad to have them back with us tonight. We also have Mr. Peebles Kelly, our treasurer, Mr. Henry Monk, our solicitor, and Mr. Rowan, our wheat sales manager, who is leaving for Moscow tomorrow night; so treat him gently tonight.

I trust that these representatives of the board who are with me tonight, and myself, will be able to give the Committee all the information it wants about our operations.

Mr. Chairman, we now await the pleasure of the Committee.

The CHAIRMAN: I already have a list of names: Mr. Clermont, Mr. Hopkins and Mr. Olson; and I thought Mr. Horner had put his hand up.

Mr. HORNER (*Acadia*): Yes.

The CHAIRMAN: Mr. Comtois, Mr. Stefanson, Mr. Jorgenson, and Mr. Watson.

(*Translation*)

Mr. CLERMONT: Mr. Chairman, with regard to this point of order could Mr. Olson please give us some explanations about the topics that he wants discussed.

(*English*)

Mr. OLSON: Mr. Chairman, on a point of order, I wonder if we could agree to change the procedure slightly. There are a number of separate subject matters that I

would like to discuss with the chairman of the wheat board and his officials. Would the committee be disposed to having all of the members discuss each subject matter until it has been exhausted and then change to a new subject, rather than going all over the field with each member as he is called?

The CHAIRMAN: Is this agreed? The only thing we can do is to have the first questioner follow his subject through and if any other members have any questions along the same line we should hear them. If not, we proceed to the next questioner.

Mr. OLSON: I expect that this will be a rather long meeting and I think it would be a little more orderly if we do it that way.

(Translation)

Mr. CLERMONT: Mr. Chairman, it seems to me that throughout the trip, we questioned the persons who gave evidence and this was in accordance with the questions to which we wanted replies. For my part, I intended to put a few questions on a general basis. I was not going to put questions on any topic in particular. What were the intentions of other members of this Committee? I think we should follow the procedure observed from Vancouver to Winnipeg. Put our questions and if there is time left over, then those who have not had discussion of topics of interest to them might put their questions on these topics.

(English)

Mr. OLSON: Well, a few of them are the inclusion of rye, flax and rapeseed; another one is the use of the inland terminals; and there is another one dealing with grades; there is the matter of transport, and so on.

(Translation)

Mr. CLERMONT: Mr. McNamara, we know that the Canadian Wheat Board looks after the sale of wheat, of oats and barley. What is the importance of barley and oats to your Board? What part do they play in the work of your Board?

Mr. ROWAN: Mr. Clermont, I am ready to reply to your question and would be glad to do so. Our responsibility and the responsibility of the Board is to market wheat, oats and barley and we attribute the same importance to each of these products depending on the volume we handle. For oats and barley, production is not so great and the quantity delivered to our Board is not in the same volume as the volume of wheat. But it is a very important product to us both at home and abroad. Have you questions to put?

(English)

Mr. HORNER (*Acadia*): Mr. Chairman, before we proceed, may I say quite clearly that all week long we have followed a series of questions but we have not necessarily been allowed supplementaries. In fact, at times, through these committee proceedings, whether in Ottawa or in western Canada, I have advocated that there should be supplementaries, but you have not allowed them to any real extent. To make a better proceeding out of this, all members should state their questions briefly and succinctly and the witness should answer them in the same way. We should proceed in that manner, whether or not the questions are in the same order, or have to do with the initial subject as suggested in this case by Mr. Clermont.



The CHAIRMAN: I think one of the suggestions Mr. Horner has made—and I hope he would be one to show a good example by putting these questions—

Mr. HORNER (*Acadia*): I always do.

The CHAIRMAN: It would be a new example, too. I do not see how we can really detour from the policy we have followed.

Mr. Horner's suggestion is good, that our questions should be to the point and not be long statements. Sometimes the Chair wonders when we are going to reach the question and I think the witnesses probably wonder what the question really is, at times. We are just wasting time now on a point of order. We have wasted probably one questioner's time for two or three questions.

Mr. PETERS: I am of the opinion that we could be assisted greatly if the Chairman of the Board, who has no doubt been briefed on the things we have been interested in over the past few days, would give us some of his views on these things. It might expedite matters greatly.

The CHAIRMAN: I cannot see how we can detour from the procedure we have followed. We have been very informal at the meetings. There have not been too many complaints to me about what has gone on at the meetings.

Mr. OLSON: Mr. Chairman, I withdraw the suggestion.

The CHAIRMAN: Mr. Clermont, if you will proceed with your line of questioning the Chair will try to make sure that we do not get too far afield.

(*Translation*)

Mr. CLERMONT: Would you have a percentage of quantities for oats and barley. In the newspapers, we have read that the Canadian West had a record wheat crop in 1966? What were the round figures for the oats and barley crops?

Mr. ROWAN: Percentage proportion to wheat?

Mr. CLERMONT: No, tonnage.

Mr. ROWAN: Yes.

(*English*)

Mr. McNAMARA: Which crop year did you want?

Mr. CLERMONT: 1966, sir.

Mr. McNAMARA: This current year, or the past year, 1966?

Mr. CLERMONT: The most recent would be 1966. If you do not have it for 1966—

Mr. McNAMARA: I will have this information for you in a minute. I would like to give you, in another form, the information you want.

In the operations of the Canadian Wheat Board and in the deliveries by our producers to country elevators during the past crop year, there was a total of 548 million bushels of spring wheat delivered; there were 19 million bushels of Durum wheat delivered; there were 51.8 million bushels of oats delivered; there were 93.5 million bushels of barley delivered; there were 12 million bushels of rye delivered; there were 23.8 million bushels of flaxseed and 19.8 million bushels of rapeseed delivered; for total farm deliveries into commercial channels of 768.8 million bushels.

I suggest that this information on what our farmers sell, or delivered into commercial channels, is really more important from the eastern Canadian market point of view than the production figures because, as you know, the large bulk of the coarse grains produced in western Canada are consumed on the farms in western Canada. It is a relatively small portion of oats and barley that is delivered into commercial channels.

(Translation)

Mr. CLERMONT: Mr. McNamara, what are the prospects of sales for the next three years for wheat on the international markets?

(English)

Mr. McNAMARA: I do not have a crystal ball so I can only give you the prospects as we currently envisage them.

For the past number of years members of the Canadian Wheat Board have been optimistic about the international demand for wheat, and notwithstanding the fact that we have produced the largest crop in our history in 1966, and that crops generally, throughout the world, were favourable, we are still optimistic about the demand.

This year our exports will exceed the 500 million bushel level which will be for the third consecutive year. I cannot see any reduction in the demand over a period of time.

Now, I am prepared to admit that we may have bumper crops where we will temporarily develop a further surplus, but I am one of the believers that the problem facing western Canada and the rest of the world is one of producing enough grain to meet the world food demand.

(Translation)

Mr. CLERMONT: Following up your reply, what explanation can you give to this Committee for the fact that since 1961 the sales of wheat to France, to West Germany, diminished even though the population of those countries increased? And in other parts of Western Europe I note that between 1964-65 as compared to 1960-61 in Western Europe, the decrease was of 27 million bushels and for other parts of Europe where Canada habitually sold, it was of 14 millions? Is this due to the Common Market?

(English)

Mr. McNAMARA: The Common Market to some extent; but I think more important is the fact that these countries in western Europe that are members of the Common Market have been backed by a policy of greater self-sufficiency. With prices and other inducements they have greatly expanded their own production. It varies from year to year.

As I told this committee before, the demand for Canadian wheat in particular commercial markets varies each year to the extent of their own indigenous production. For example, when France, Germany or the United Kingdom have a larger than normal crop, instead of adversely affecting our business it helps our business to an extent because they need the strong Canadian wheat to blend with their indigenous wheat to make the proper type of bread.

In years when their crops are not so favourable they are more inclined to import filler wheat from the United States, Argentine and Australia at the expense of the importation of Canadian wheat.

We have recognized for some time, although I do not think the adoption of the Common Market policies have affected the Canadian sales to the extent that they have other suppliers in those markets, that the demand there is being reduced due to production policies within their own areas.

*(Translation)*

Mr. CLERMONT: I notice the same phenomena in regard to Great Britain, one of our most important regular customers year after year; it is also the same in the case of Japan—the quantity these countries bought from Canada since 1960-61 has not increased; in 1964-65 there was a decrease.

*(English)*

Mr. McNAMARA: The situation in these two markets is entirely different. In the United Kingdom, because of balance of payments and other problems, their government has embarked on a production campaign not only for wheat but for barley. They are trying to make themselves more self-sufficient. It has been recognized—and statistics prove—that over the last few years the importation of wheat particularly into the United Kingdom has declined. There has not been such a decline in some of the feeding stuff, but in wheat there has been a decline. Unfortunately, we have shared the loss in this very important market.

In Japan the situation is entirely the opposite. This is a country which is just developing into a bread-consuming country from being a rice-consuming country. The volume of imports of wheat into Japan has increased markedly over the past few years. Our business has been increasing in Japan, but not to the extent that I would have liked because we have been meeting the most vicious type of competition from some of our American friends in Japan and some of these other Pacific coast markets. But as the country develops from a rice-eating country into a bread-eating country the commercial business is improving the wheat situation and we are sharing in that increase.

*(Translation)*

Mr. CLERMONT: According to your statement, it seems that competition is hardening in our traditional markets. What is the reaction of the Board, the Canadian Wheat Board? When in Vancouver, Calgary and Regina, the witnesses that appeared before our Committee gave us to understand that due to the increase in the cost of production for Western farmers, there should be an increase of about \$0.40, \$0.50 and even one witness said he wanted an increase of .60 cents a bushel on the international market.

*(English)*

Mr. McNAMARA: I do not want to decry the representations that were made to the committee by producers' interests on the necessity of higher wheat prices, but you must remember that the responsibility of this board is to market this wheat in the markets of the world.

Competition is particularly strenuous in the world of wheat, much more so than it was two or three years ago. Our largest competitors, the Americans, have been recently following a pretty soft marketing policy, and we have run into a lot of competition from the Argentine and Australia. In other words, what I am saying is that Canada on its own—the government—might decide to subsidize production, but in selling wheat in international channels the law of supply and demand still prevails, and all that we of the board in merchandising can get is the international price.



(Translation)

Mr. CLERMONT: My last question is the following. Recently, in appearing before the Committee on Finance, Banking and Economic Affairs, one witness claimed that at the time of the last sale to Russia, all of our foreign exchange was supplied by foreign banks and not by Canadian banks. And when the same question was put to the bankers they denied this fact. Are you in a position to make a comment about this? To tell us what the situation really was?

(English)

Mr. McNAMARA: The only comment I can make is that along with one of my colleagues I had the opportunity of negotiating this deal with Russia. The question of credit or payment was not raised. Payment is being made to our agents in U.S. or Canadian dollars. There is no financing involved at all. Our banks were not approached, nor was the international bank, to my knowledge. If they were, they were approached by the Russians, not by us.

Mr. HOPKINS: You are responsible for the sale of Canadian wheat, oats and barley. Therefore, you cannot help but be interested in getting grain to our ports so that it can be carried to world market points. What transportation problems within Canada have you been confronted with in meeting your sales obligations?

Mr. McNAMARA: A few years ago, when we were exporting wheat to a volume of say 300 or 350 million bushels, transportation was not a major headache for us, but in recent years, when we have been setting our target at an export level of 600 million bushels with 150 million bushel domestic requirement, plus the necessary transportation for oats, barley, flax, rye, rapeseed and the other grains, transportation has been a real problem for us and for the railways.

We have been asking the railways to step up the movement of grain probably 50 or 75 per cent from the normal conditions that prevailed a few years ago; but through co-ordination of efforts and the co-operation of both railways this transportation problem has eased greatly. We have exported for two years in a row close to 600 million bushels. We would have exceeded 600 million bushels and the railway companies made the transportation available to us. It is not only a case of providing the necessary transportation but they worked with us in equalizing producer delivery opportunities throughout the west, which required a lot of intricate management on their part.

I have nothing but praise for the courtesy and the co-operation we have received from the railways and from the lakeboats and sea boats engaged in grain transportation for the last few years.

Mr. HOPKINS: Is it true that last year you moved more wheat than in any other year in Canadian history?

Mr. McNAMARA: The grain moved out of country elevators last year was the largest amount in the history of the western grain operation.

I am pleased to say that the railways so far this year are running considerably ahead of their performance to this date in 1966.

Mr. HOPKINS: Flaxseed and rapeseed do not come under your jurisdiction in international sales? Is this true?

Mr. McNAMARA: This is true.

Mr. HOPKINS: Is there any reason that the wheat board should not handle these, other than the fact that they are not listed in your terms of reference?

Mr. McNAMARA: Mr. Chairman, I had the pleasure of meeting with this Committee on June 7 when this same question was asked by members. At the time I filed with you a statement of wheat board policy on the handling of rye, flaxseed and rapeseed. This is shown at page 390 of your report of that meeting.

If it is the wish of the meeting I am prepared to read the same statement into the record, but our position is unchanged from that which I enunciated on June 7 when I met you last.

Mr. HORNER (*Acadia*): On a point of order, I would say let us take it as read. It is there. I referred to it in the meeting in Alberta. It is obvious to everyone now. Let us take it as read.

The CHAIRMAN: If you would let me make a decision I would. Mr. McNamara asked me if I thought it was necessary. He said that if the Chair requested it he would read it. I did not make that request. I do not think it necessary that he read it.

Mr. HOPKINS: Reference has already been made to the suggested prices of Canadian wheat on the world market. Are you prepared to say what the top price for Canada wheat could be at which we would still be in a competitive position?

Mr. McNAMARA: I would say that under conditions that exist at the present time the asking price of the wheat board today represents the widest premium over competitive wheat that we can hope to achieve. But this does not really answer your question.

We, along with the Canadian government and other exporting nations of the world, are engaged at the present time in negotiations in Geneva under the Kennedy Round. Failing the completion of an international agreement under that form we will again be re-negotiating the International Wheat Agreement.

All the exporters are pressing for a marked upward revision in both the minimum and maximum price. Our price at Vancouver currently is very close to the current maximum price of the International Wheat Agreement which is putting a ceiling on it; but I would hope that as a result of these negotiations we and the other exporting nations will be successful in having an increase in both the minimum and the maximum.

It will not be decided only by the exporters; the importers will have quite a lot to say on what level they would agree to.

Just at this time I would like to make a comment on this because I have been somewhat concerned on reading not only reports of your meetings but other comments in the western papers, and even in the eastern papers, that because Canada and some of the other countries are successful in negotiating a higher range of a minimum and maximum price this automatically will mean that we, as your sales representatives, will be able to secure a price related to the new maximum price.

As I said previously the wheat market of the world is very competitive, probably more so than it has ever been in the past. We will endeavour to get the best possible price we can secure but we cannot fix these prices. We must keep our wheat competitive with the price at which our competitors are prepared to sell, having due regard to quality.

Mr. OLSON: Mr. McNamara, I would like to discuss a number of matters with you but after I go into one I will pass for now. It is this matter of differences in quotas between the various shipping points at various times.

I would like to know, first, what conditions require you in the first instance to put on a quota at all, from the initial units that are granted, I understand, to all points at the beginning of a new crop year.

Mr. McNAMARA: Well, as you have pointed out, Mr. Olson, we start the crop year with a unit quota. Up until this past year this related to 300 bushels of wheat, but following discussions we had with this Committee last June, and taking the views that were expressed at that time and other factors into consideration, the level of the unit quota was raised for this crop year to 400 units, with oats and barley at a corresponding, increased level.

After the unit quota has been delivered, we have an arrangement with the elevator agents whereby they indicate to us when they think that there is sufficient space at their elevator to justify the first quota going into effect. I am not saying that we leave this control to the elevator agents; we keep daily and weekly records of the space at every point, and in many instances where we feel that there is enough space to warrant the introduction of an initial quota or to raise a quota, we act on our own.

Mr. OLSON: You wait until you get a request, or an indication at least, from some of the elevator agents at that specific shipping point before you do, in fact, raise the quota at this stage, do you?

Mr. McNAMARA: Generally, yes; but at points where our records would indicate that there is 75 or 60 per cent sufficient space for a new quota we will at times act on our own initiative and raise the quota at that point, particularly if we are trying to attract deliveries because our country supplies are becoming low.

Mr. OLSON: Yes. How do these agents obtain the cars that they need to provide the space required to make a request?

Mr. McNAMARA: There are several systems that were adopted by the board as a result of the Bracken inquiry, regarding car allocation, under which we allocate to the elevator companies their share of each shipping order. We then leave it to the management of the elevator companies to distribute these shipping orders among the various stations where they individually operate. The elevator agents then file the order for the shipment with the local railway representative.

In addition to that we have worked out a system with the railway companies where we supply them, on a weekly basis with statements showing the space at every station, the amount of grain that has been delivered under the current quota and the amount of grain still to come in under the current quota. This acts as a guide to their officials in the distribution of their cars. They can recognize the points that are not getting their fair share of cars and can make transportation available.

Mr. OLSON: This decision on the allocation and of actually ordering the cars to be dropped at this or that shipping point is almost entirely in the hands of the railroads, notwithstanding that they may be guided by your recommendations to them; is that right?

Mr. McNAMARA: This is correct. Under our act we have no authority to direct the railways on the placement of their equipment. The only authority contained in our act



is for the allocation of cars within the shipping point once the railway has made them available. We control the distributions between the elevator companies, but we cannot direct the railways on how they distribute their equipment.

Mr. OLSON: Are you familiar with the procedure—if there is a standard procedure—that the railways use in allocating these cars?

Mr. McNAMARA: No; I am not competent to tell you how the railways operate, but I do know that it is not only grain that they are involved with; there are potash and other commodities that must be moved; there is seasonal business that they must take care of; there is the transportation of their power. But I do say, as I said before, that the relationship between our board and the railways, and the co-operation we are receiving and the earnest effort that they are obviously making to try to place cars in accordance with our requirements has been very noticeable. In fact, it has improved very greatly the last few years.

Mr. OLSON: I have no doubt about that, but you have no doubt detected by this time that what I want to know is why there is a disparity, or such a wide difference, in shipping points that appear to have essentially the same kind of grain in a crop year. For example, there are all the shipping points from Medicine Hat to Lethbridge, or from Empress to Bassano—two that I happen to be somewhat familiar with—and yet at times we find some of the points along that line where the quota will be twice as much as, or 100 per cent more than, at another point nearby. I am trying to find out who it is that makes the decision and how the cars get in there, when we find ourselves in this position within two or three months after the new crop year starts?

Mr. McNAMARA: Conditions vary from time to time, Mr. Olson. To illustrate what I have in mind, this past crop year which we will be reporting on within the next few weeks, the board, as a matter of policy, requested the railways to take the short line haul to Fort William early in the crop year. As you know, we got into heavy commitments with the Russians and others. We were short of supplies in eastern Canada and at the lakehead and we asked them to concentrate their car supply in Manitoba and southeastern Saskatchewan. The result of this direction from the board to the railways, which they followed, meant that we deliberately starved western Saskatchewan and parts of the area that you represent in Alberta. We asked them to give preference to this movement because we had sales commitments that we had to meet.

Now, this action, by the board alone, made it impossible for the railways to keep quotas equalized all during the year.

This was followed by another situation which developed. In Manitoba and eastern Saskatchewan last year they harvested a very large percentage of high-moisture grain which we wanted to salvage before it spoiled. Early in December we put a preference on the shipment of that type of grain to the lakehead for drying. Once again this impeded our efforts to equalize delivery opportunities in the areas of southwestern Saskatchewan and Alberta.

However, the fact remains that at the end of July delivery opportunities had been supplied to that territory so that in practically every instance, I believe, quotas were equalized at the 10 bushel per specified acreage level.

Mr. OLSON: Mr. McNamara, even though we were left until the last, I have no quarrel with your setting up this kind of policy to meet the kind of situation that you

had to meet at the time, but even when the quotas did start to open in southern Alberta there were points that to me appeared to have exactly the same kind of wheat, were approximately the same distance from the terminal elevators and yet some of them were on two bushels while there were other points on five and six bushels.

I want to ask you this: What role does the railway dispatcher play in this? Does he have the sole authority to allocate these cars, or to order them to be dropped at certain shipping points? Is there someone else in the railway management that supervises this whole situation and gives some directives to the dispatchers?

Mr. McNAMARA: I am not competent to deal with the internal operations of the railways. We deal with the officials in Winnipeg and Calgary in the shipping offices. It is my understanding that the information that we make available to them is passed right down the line. Now, whether or not it gets to the actual dispatcher, I do not know.

Mr. OLSON: Mr. McNamara, this is such a vital matter in trying to spread the market equitably that I wonder if this co-ordinating committee on transport looked into this? Did they find out where the responsibility lies, who makes the decision and what is actually physically done on the basis of those decisions?

Mr. McNAMARA: Well, I happen to be chairman of this co-ordinating committee and I think that results were achieved. We met our objectives last year. We eventually equalized the quotas. It is true that there was some hardship caused during certain periods of the year, but the committee did not try to get into the actual operation of the railways.

Mr. OLSON: Do you not think that it would be a good idea for someone to do this so that Members of Parliament, who have to answer to the producers, and so on, in this kind of situation, could have some logical and reasonable basis for explaining these differences in quotas?

Mr. McNAMARA: I think you will remember, Mr. Olson, that last June I accepted for the board the major responsibility for the disruption of the quota system during last year. This was on forward instructions because we had commitments for certain types of grain for which we had to preference the movement.

I do not know exactly what you have in mind, but if you are suggesting that someone should be empowered to direct the railways on where they place their cars, I would question the wisdom of such a decision very much, because my experience is that we can get a lot more by co-operating and co-ordinating with the industry than by trying to direct them.

Mr. OLSON: Perhaps you can, and even whether or not we have someone who has the authority to give this directive is not exactly the point I am trying to raise now. For example, if the quota in Taber is 5 bushels per acre and 40 miles down the road at Bow Island it is three or two bushels per acre—and this has happened—there ought to be some explanation for it, if they have essentially the same kind of grain to sell.

Mr. McNAMARA: I think that is the answer. You will find on investigation that they did not have essentially the same type of grain.

Last year we had large commitments of low grade to China out of Vancouver. There was a lot of No. 2 Northern in that area that you are representing. We gave preference to the shipment of low grade wheat and we held back the high grade wheat. At the end of the crop year our problem was trying to move the high grade

wheat, that would be delivered in June and July because we had been preferencing, and creating space at many stations on this low grade wheat.

The same thing is applying this year. We have been preferencing the movement of low grade wheat to meet commitments we entered into last year. We have been moving the threes and fours and the movement of No. 2 Northern has had to be restricted because our old sales commitments were primarily for the low grades. We are now getting into the area where we have sold the new grades that were produced this year. This is a very high grade crop.

Mr. OLSON: Mr. Chairman, I am going to pass in a moment. I have just one other question on this particular point. My information is that most country elevator agents always have enough shipping orders on hand; that it is never a question of their being short of shipping orders; it is a question of them getting cars to meet the shipping orders.

Is it true, in your experience, that most of these country elevators have always plenty of shipping orders on hand if they could just get the cars to ship?

Mr. McNAMARA: This is true in most areas in recent years when we have had such a big movement. A few years ago it was not true when we could make only limited shipments because there was congestion at the lakehead terminals. At that time shipping orders were very, very valuable to all. Recently we have had as many as 30,000 orders in the hands of elevator agents for the lakehead, and perhaps 7,000 or 8,000 in the hands of agents for shipments to Vancouver. So the question of the shipping orders has not been the problem at most stations. Although, as I said before, there have been certain areas in western Canada this year, particularly where high grade wheat predominated—the bulk of the deliveries being No. 1 or No. 2 Northern—that we have not allowed the elevator companies to put shipping orders into those stations. Those agents have been embarrassed by the lack of shipping orders.

Mr. OLSON: Just one more question. Do all of the shipping orders, for mill orders and for domestic orders go through your hands, too?

Mr. McNAMARA: Yes; and just on this point I would like to say that in addition to the shipping orders we have, we have another policy for relief of congested elevators whereby, if his elevator is congested and he has not got a board shipping order, an agent can apply to the railway agent and he will get the first car out of turn in order to open up his elevator and give him some relief.

Mr. OLSON: I have more questions, Mr. Chairman. Would you put my name down again. I will pass for now.

Mr. GUNDLOCK: I have a supplementary, Mr. Chairman.

The CHAIRMAN: Mr. Gundlock, we agreed before you came in that we would not allow supplementaries because of the long list of questioners. The next questioner may have the same supplementary, and you will get your answer anyway.

Mr. GUNDLOCK: Mr. Chairman, on a point of order, or a question of privilege, I have a short question—

The CHAIRMAN: The Committee agreed, Mr. Gundlock, before you came in that we would follow this type of procedure. I am going to try to stick to it. Unless the Committee instructs me differently I am going to follow the procedure we agreed to. There will be no supplementaries because of the lengthy questioning that is going to



take place. I have had your name on my list since you first intimated to me that you wanted to ask a question. It is not the last name on the list, I can tell you, but it is not far from it.

Mr. GUNDLOCK: Well, I have a supplementary question now, Mr. Chairman. Certainly if we are going to—

The CHAIRMAN: All right; one short supplementary.

Some hon. MEMBERS: No, no.

The CHAIRMAN: All right; the Committee is not for it.

We have one other request. Whether or not the Committee will agree to this I do not know. I am in the hands of the Committee. We have had a request from CBC, who have a program called "Country Calendar", to take a film for a minute and a half. We cannot do this while the Committee proceedings are going on, so that we would have to adjourn for a minute and a half to allow this film to be shot. Now, do you agree?

Mr. GUNDLOCK: Mr. Chairman, on a point of order. If we are going to have CBC here—

The CHAIRMAN: Just a moment, Mr. Gundlock. I am asking the Committee for an opinion on this. If the Committee does not want the CBC to take this film that is their business; but they will decide, not one person of the Committee. Is it agreed that the CBC take their film.

Some hon. MEMBERS: Agreed.

Mr. HORNER (*Acadia*): I think we have to co-operate.

The CHAIRMAN: We will recess now. The filming will be over shortly.  
—Recess.

The CHAIRMAN: We are back in session again.

Mr. Horner, I believe you are next on the list.

Mr. HORNER (*Acadia*): Yes, Mr. Chairman, I have about four questions, and I am going to be quite brief and go through them as quickly as I can.

My first question, Mr. McNamara, is with respect to shipping orders. Do you allocate, or notify a grain handling agency that you would like them to supply so many bushels of No. 1 or No. 2 or No. 3 wheat and let them decide what shipping point that wheat shall come from?

Mr. McNAMARA: The answer is No, Mr. Horner; we do not ask them what they want to ship; we tell them what we want them to ship, and we give them the territory,—not the individual stations—the general territory from which we expect them to draw these supplies, having regard to whether it is a movement to Vancouver, Churchill or some other area. But we do not ask them to ship. It is our wheat and we tell them to ship when we want them to ship.

Mr. HORNER (*Acadia*): I am not so dictatorial as you, but in other words, the grain handling firm designates what specific shipping point the grain moves from in a given territory. My next line of questioning is on the inland terminals at Saskatoon, Moose Jaw and Lethbridge in particular. You stated some time ago that to some extent the drying operation has impeded the grain flow—if I may use that word to generalize

it—from the farmer to the export market. Would it assist your operations if the grain drying facilities at the inland terminals were used to their maximum capacity?

Mr. McNAMARA: It would, in a year when we had an abnormal quantity of out-of-condition grain, such as we had in 1952, for example, when we did use all the drying facilities available in Canada; in fact, we moved grain into the United States for drying.

The statement I made earlier about the movement of moisture grain interfering with our operations was related to last year when there was an abnormally heavy quantity of grain in Manitoba and eastern Saskatchewan that could not be routed, to advantage, into Moose Jaw and Saskatoon, and that required drying.

This year the moisture problem is very much less than it was last year.

Mr. HORNER (*Acadia*): In Alberta particularly, Mr. McNamara, we see a great deal of damp grain in special areas. I can think of one area in my own constituency—the Stettler area—and I can readily think of another area in the Peace River. In the Peace River particularly there is still out-of-condition grain which should move to a drying facility. Now this Committee quite recently visited the government grain elevator at Moose Jaw and found it relatively empty and not being used.

If the grain drying facilities at those inland terminals were specifically designated as drying terminals for prairie grain could they not be used to greater capacity and would it not remove one of the bottlenecks that you face as the export marketing agency for our prairie farmers at the west coast and at the lakehead?

Mr. McNAMARA: No; I am sorry, Mr. Horner; I usually agree with you, but on this particular problem I am not in agreement.

Let me talk about this problem this year that you refer to. In a questionnaire that we received from all the elevator agents, relative to high moisture grain—namely, grain containing over 17 per cent moisture that is liable to go out of condition—it was estimated that only about 25 million bushels out of the 800 million bushels of wheat that the farmers wished to deliver would be in that condition. Now, practically all this grain is located in Alberta, mainly in the Peace River area. Of that 25 million there have been 19 million delivered by producers to date. Practically all of that has been shipped. Now, most of the grain in the Peace and that part of Alberta is low grade wheat and it has been moving to the lakehead. There has been some limited quantity of moisture in the higher grades but fortunately the movement of dry grain, through Vancouver, has been sufficient to absorb most of this moisture grain that has been going out there, without necessitating a drying operation. A drying operation is very, very expensive to the producer. It would be much more expensive to them if we routed grain from the Peace River into Moose Jaw and Saskatoon. That would cost us about 6 cents per bushel before it was dried.

The other point I would like to make, Mr. Horner, is that you must appreciate that in spite of the large operations we have at the lakehead terminals and the volume of dry grain that is moving through those terminals this year so far we have been able to avoid, except in a very few circumstances, the operation of any artificial drying at all, which again saves us a lot of money.

Mr. HORNER (*Acadia*): What you are saying—and correct me if I am wrong—is that it is easier and cheaper to blend out the dampness than to dry it out mechanically?

Mr. McNAMARA: That is correct. But on damp grain anything over 17 per cent moisture, under regulations of the Board of Grain Commissioners, has to be artificially dried. You will get wheat going to 15 or 16 per cent and if you get a good volume of dry grain running through it you can, as we say, pencil-dry it down under the 12½ per cent moisture.

Mr. HORNER (*Acadia*): I am going to accept your answer but I want to move on to two other questions. The first is in respect of the handling of flax and rapeseed.

In a statement which you made to the Committee some time ago you said that actually, in effect, you are handling a very, very small amount of the oil seed. Would it be correct to say that you are handling less than 1 per cent of the oil seeds with regard to flax and rapeseed and particularly the edible oil seeds, in the world market?

Mr. McNAMARA: I would not be surprised if the quantity of oil seeds delivered in Canada works out to less than 1 per cent of the total supplies of all oil seeds on the world market. It is a very limited. . .

Mr. HORNER (*Acadia*): I am referring to flax and rapeseed particularly, realizing, of course, that mustard is also in the category. Do these three require an extra amount of cleaning time? I am thinking particularly of time here. I know they require an extra amount of caution.

Mr. McNAMARA: I am not an operating manager. They do require more careful cleaning. They are a much more hazardous crop to handle. I have a good word to describe flax, but I had better not use it in the circumstances. It is a very slippery commodity.

Mr. HORNER (*Acadia*): This is the point I want to make. Could these inland terminals be used to any advantage to, you might say, consolidate or to locate volume shipments, particularly of rapeseed? For example, an elevator in the chain of the wheat pool, or the UGG, or the line companies might handle a thousand bushels of rapeseed in a given year but this is not enough. Could the rapeseed be moved on to the inland terminals? I refer to the inland terminals as being the government elevators at Moose Jaw, Saskatoon and Lethbridge. Could they not be used, as a rancher would say, to corral the total volume of rapeseed and flaxseed and then that volume could be moved from those inland terminals direct to export markets?

Mr. McNAMARA: My answer to that would be in the affirmative subject to the question of whether it would be economical to put them through these terminals. In the case of wheat, as I have reported, it costs an extra 6 cents a bushel for the first year to route grain to the interior terminals. When marketing rapeseed at the present time, under the regulations of the exchange it is possible to make delivery against a contract in the interior terminals in Alberta, but they are not being used for this purpose because the trade has found that it is not economical to do so.

Mr. HORNER (*Acadia*): I acknowledge the 6 cent charge, immediately. I, as a producer, do not want to pay it. I say that quite emphatically. I do not want to pay it, but I also realize that in Canada rapeseed and flaxseed particularly and damp grain come from specific areas. Could not the inland terminals be used to segregate the dry grain, for example, to corral the rapeseed and the flaxseed and to clean it? Now, in Vancouver we visited the terminal elevator operation there and I noticed particularly—and asked questions about the terminal elevator I happened to visit—that flaxseed



particularly constituted a cleaning problem. Could not flaxseed, rapeseed and damp grain be handled, if it was so designed to flow to the inland terminals, without the full mark-up of the extra operational cost of 6 cents a bushel? In other words, flaxseed has to be gathered somewhere. Rapeseed has to be gathered somewhere. Why not use the inland terminals?

Mr. McNAMARA: If you could gather it there right from the farm it would be much more feasible than to ship it in, because it is the shipping in and the stop over that account for a lot of the additional cost. I would suggest, Mr. Horner, that although I must answer your question in the affirmative and say that it would be feasible if the cost factor was removed, I think you would find that the elevator companies, including the farmer-owned, would then want a higher handling margin in the country because they operate their country lines and their terminal lines together.

The cleaning of flaxseed and rapeseed is heavy. It is a profitable operation. If they were going to pass up the cleaning operation and suffer a loss of terminal elevators, say, to the government elevators operating in Moose Jaw, Saskatoon, Edmonton or Calgary, I am afraid you would find that they would be making applications for their country tariff to be increased. They could prove that a country elevator does not exist only on its local handling charges; it must be tied in with the other operations.

Mr. HORNER (*Acadia*): You said—and I want to quote you correctly—that the drying and the cleaning of rapeseed and flaxseed was a profitable operation, and you say that the handlers of this commodity would object to this being done at the government inland elevators. I am suggesting that if these government inland elevators were private concerns and could bid on the cleaning operation of flaxseed and rapeseed and, perhaps, underbid the terminal operations, this could be quite feasible. Would I be wrong in assuming that?

Mr. McNAMARA: I can only venture an opinion on this. I would say that the terminals are there, with people handling rapeseed and flaxseed, other than the regular elevator companies, and I have not noticed them using the facilities of the government elevators for a movement of rapeseed and flaxseed such as you have suggested could be done.

Mr. HORNER (*Acadia*): I am going to drop that question of flaxseed and rapeseed because I realize that the elevators are not really bidding for the cleaning job and it is, therefore, really no test. I have one further question, Mr. Chairman, that I would like to ask the chairman of the wheat board. From time to time in the past six months we in western Canada have been reading disturbing reports about the possibility and feasibility of expecting that our wheat exports shall be as large in the continuing years as they have been. For example, in the Winnipeg papers five or six months ago it was pointed out that bumper crops were expected in Russia and even in China, and that due to the unrest in China there is a growing concern on the part of the producer on whether or not we can fully expect that our wheat exports will be as large in the year ahead, or in the continuing years ahead, as we once thought they would be. Would you comment on that?

Mr. McNAMARA: Let me remind the Committee that not more than six or seven years ago we in Canada thought that an export movement of 300 million bushels, with a utilization of 150 million bushels at home, was a pretty satisfactory export movement. I know that when our board came out about three years ago and suggested that our

target should be at least 400 million bushels a lot of people thought we had holes in our heads. The fact is that over the last three years we have been running better than 550 million bushels.

Now, as I indicated to another questioner, I am optimistic about the demand, not for Canadian wheat but for all wheat, but I am now concerned with whether you people can keep up with your sales, namely the producers. I come from Saskatchewan and I went through the 'thirties. I just do not believe that on our current acreage Canada is going to produce 840 million or 740 million bushels year after year. I am more concerned with the supply position than with the marketing problem.

Mr. HORNER (*Acadia*): In other words, you are prepared to say to the western farmers: "Produce all you like; I will sell it". Am I correct in that?

Mr. McNAMARA: Do not put it that way. "Produce quality wheat". Keep the quality. "Do not produce all you can because the thing we have to sell is quality". Do not let your sights get lowered on quality just for production.

Mr. HORNER (*Acadia*): Well, Mr. McNamara, let us just say it this way then: "Produce all the high quality grain you can and I will sell it". Can the western farmers feel confident that this will be so in the next three years. I am not trying to get you to predict anything beyond the next two or three years.

Mr. McNAMARA: I will only predict for three years because I am 62, and you can say that so far as I am concerned, for the next three years.

Mr. HORNER (*Acadia*): I will forego any further questions, Mr. Chairman.

(Translation)

The CHAIRMAN: Mr. Comtois?

Mr. COMTOIS: Mr. Chairman, Mr. McNamara told us that in the European Common Market, there has been an increase in both production and prices. Do you think that if Canada were part of the Organization of American States and a common market were organized amongst these countries, particularly export countries, there would be means of increasing the cost of Canadian wheat in an appreciable manner in order to satisfy the wheat producers?

(English)

Mr. McNAMARA: With your permission, Mr. Chairman, I would like my colleague Mr. Lawrie to get in on this discussion.

The CHAIRMAN: Fine.

Mr. J. B. LAWRIE (*Assistant Chief Commissioner, Canadian Wheat Board*): In answer to your question, sir, I cannot quite see how that could possibly affect prices. As Mr. McNamara has pointed out, we are getting a price at present very near the maximum of the International Wheat Agreement. We are also meeting severe competition. Because of the quality of our wheat we have been able to market large quantities in competition with the Americans particularly.

When we were before you in June, the production situation was unknown, but since that time we have, as you know, produced a very large wheat crop in Canada—844 million bushels. Russia, which last year produced a crop of about 1,700 million bushels, this year produced a crop of 2,700 million bushels. There you have one

country alone producing one billion bushels more than they did last year. Now, that has some effect on the market. Russia is already exporting wheat this year after an absence of several years from the markets.

The question raised was: Could we hope to get increased prices—I believe that was the way you worded it, sir—if we joined any organization? I think that the number one factor in marketing wheat is price and quality and that the buyers, as Mr. McNamara said earlier, have a great deal to say about what price they are willing to pay.

There has been a tremendous expansion in wheat production in the last two or three years. This year the world produced a crop 9 per cent higher than last year. If you look back even four years ago you will find that world wheat production is going up steadily. Even in such markets as the Common Market—I have the figures here—the average production from 1949 to 1954 in western Europe, including the Common Market, was 1,165 million bushels. Last year they produced 1,766 million bushels. Therefore, western Europe alone in the past few years has gone up 600 million bushels. That wheat has to be utilized, and certainly if they cannot use it for milling they use all they can, and the rest is used for feeding purposes.

(Translation)

Mr. COMTOIS: Mr. Chairman, it seems impossible on the world market to get better prices. How are the Western farmers going to increase their net income every year?

(English)

Mr. McNAMARA: Mr. Chairman, I suggest that the question of the level of farm income in western Canada is really beyond the authority and powers of this board. We are a marketing board. We are entrusted to sell, to the best possible advantage, the grain delivered to us by the producers. If the international level of price that can be obtained is not sufficient to maintain their standard of living this responsibility is more related to you people as Members of Parliament than to the Canadian Wheat Board.

(Translation)

Mr. COMTOIS: Another question, Sir. What is the amount of wheat, oats and barley sold and shipped to Eastern Canada and what percentage of the overall production of wheat, oats and barley does that figure of shipments to Eastern Canada represent?

(English)

Mr. McNAMARA: Dr. Kristjanson, could you deal with this question?

Dr. R. L. KRISTJANSON (*Commissioner, Canadian Wheat Board*): In the case of oats, the amount that went into eastern Canada and British Columbia for the year under review here was 33 million bushels.

(Translation)

Mr. COMTOIS: Mr. Chairman, would you have figures just for Eastern Canada, and for British Columbia, under these two district headings?

(English)

Mr. KRISTJANSON: No, I am sorry; we do not have. In the case of British Columbia it would be very, very small—perhaps, a million or two million bushels at the



most. Therefore, this 33 million bushel figure is very close to the eastern Canadian consumption. In the case of barley there were 28.8 million bushels.

Mr. McNAMARA: Is that the information you wanted, sir?

(Translation)

Mr. COMTOIS: I wanted wheat, oats and barley, and the percentage which these shipments represent; as compared to the total sales for these areas.

(English)

Mr. KRISTJANSON: In the case of oats, in that same year in Canada it was 357 million bushels. In the case of oats, most oats are used on the farms where they are produced. In the case of barley in that year production was 166 million bushels in all of Canada.

Mr. COMTOIS: What about wheat?

Mr. KRISTJANSON: Wheat feed consumption would be around 20 million bushels. I do not have the exact figure here. This relates to over-all export sales of the magnitude of 400 million in 1964-65.

(Translation)

Mr. CHAIRMAN: There is a great deal of talk about transportation difficulties in regard to seed going to the Lakehead to the West. Are there the same difficulties in the way of transporting cereals from Western to Eastern Canada?

Mr. KRISTJANSON: No, there have been no difficulties with respect to having sufficient shipping capacity to move feed grains from the lakehead to eastern position at any time during the past few years. In other words, there have been enough lake vessels available to move the required quantities of grain from the lakehead into eastern positions.

(Translation)

Mr. COMTOIS: Thank you, Mr. Chairman.

(English)

Mr. STEFANSON: Mr. Chairman, I just want to raise one point and I will be very brief. I would like to direct my question to Mr. McNamara.

I understand that at the present time there is very little wheat being shipped from the port of Vancouver to European countries. If this is a true supposition, what is the reason for it?

Mr. McNAMARA: The situation is that we have entered into the largest contract we have ever enjoyed with China, for shipment out of our west coast port. The Chinese are taking two and a half million tons of Canadian wheat out of Vancouver this year. In addition to this we have the large Japanese market that will be taking about a million and a half tons. Last year we created a new record of shipments of all grain out of Vancouver facilities. I think the figure was about 236 million.

Whether or not we will exceed that record this year, I do not know. It will depend on further sales. But as of today we are running ahead of shipments in Vancouver compared to this date last year, notwithstanding the very serious delays that have been caused by labour troubles out there. The reason for our curtailing the shipments out of

Vancouver is because of the heavy commitments we have to China, Russia, South Africa and other countries that are dependent upon the Vancouver route because of the structure of ocean freight rates.

In addition, we produced a very large crop of feed barley in Alberta this year, that can be moved most economically and to best advantage out of the west coast.

Recently we have been curtailing our wheat sales to Europe and other destinations because we can service these countries just as well out of the Atlantic ports, and we have been trying to concentrate our wheat deliveries to countries that are dependent upon Vancouver and, at the same time trying to utilize those facilities, to a degree, for the movement of our barley.

Another point you should keep in mind is that under the current marketing conditions practically all the rapeseed being marketed by Canada is going to Japan. This is the largest market we have developed for rapeseed. Substantial quantities of other grains, such as rye, are moving out of the western route. Therefore, we are finding this year that the Vancouver facilities are being taxed to almost their maximum capacity, whereas, we have unused capacity out of the St. Lawrence that could be utilized for servicing these other markets.

Mr. STEFANSON: Are there not some ships from European countries, docking at Vancouver, and possibly taking on a part load of flax or rapeseed, which I know you are not responsible for marketing. But, at the same time if that country has a contract to buy wheat from Canada, would it not be good, sound business to fill up the balance of the load with wheat?

Mr. McNAMARA: Yes and some of these countries have enjoyed this in the past, where they would fill out their wheat cargo with parcel lots of these other grains. But we just have not got the luxury of surplus capacity in Vancouver. I know in your hearings in the west some people have suggested to you that there is sufficient capacity. I, personally, do not subscribe to that view. I do admit that under ideal working conditions you can export 25 million bushels a month out of Vancouver. It is a year round port so that in a season you can export 300 million bushels. But we know that we run into weather conditions. We know that we run into labour difficulties. We have been talking a lot about interior terminals. I only wish I had been alive, or active, at the time those terminals were built, to have them located at a seaboard position. We need the reserve stock in positions to take care of these eventualities. When the new Sask. Pool terminal is completed at Vancouver I am hoping we will be able to go back again to the point where in helping to merchandise these other grains, we can continue wheat shipments to Europe from that port.

Mr. STEFANSON: I have only one other short question. The Chairman may say that it is hypothetical but I will put it anyway. At the present time consideration is being given to raising the tolls on the St. Lawrence Seaway. If they are raised would not Vancouver become a more favourable delivery point than the lakehead?

Mr. McNAMARA: At the present time, sir, I think to all markets of the world Vancouver is more favourable than any of the eastern Canadian markets in so far as export is concerned. Naturally, any time charges are increased, whether it is tolls or elevator charges, that affect the laid-down price of our wheat at destination, we do not like it. This means that we get that much less of a net price to return to the producer.

The CHAIRMAN: Mr. McNamara, you said "eastern Canadian markets", but you meant "eastern Canadian ports"?

Mr. McNAMARA: Pardon me.

The CHAIRMAN: Before we proceed to the next questioner I have been told that the people at the back are having difficulty in hearing. There is a lot of conversation going on at the table, and that is making it more difficult for the tape machine to do a good job. I would suggest to those at the back that they bring their chairs up along the side here.

I will now call on Mr. Jorgenson.

Mr. JORGENSEN: Mr. Chairman, Mr. McNamara has answered part of a series of questions that I wanted to ask in order to confirm a suspicion that I had. During the course of our investigations on the west coast we were assured by a representative there that there were sufficient facilities there to handle the crop. I am glad to hear Mr. McNamara say that in his opinion there are not, because this was my opinion, as well.

In his projections I understood Mr. McNamara to say that he anticipates that we will be increasing our exports abroad. If our facilities have been operating at peak capacity in the past how does he intend that we will be able to increase our exports with the present handling system? Indeed, during the last couple of years, with the sales we had to Russia and China, there were rumours to the effect that we had to turn down sales because of inadequate facilities. I will not ask Mr. McNamara to comment on those rumours, but how does he expect that we are going to be able to handle increased sales unless there are some major changes and an overhauling of our handling facilities?

Mr. McNAMARA: The impression I was endeavouring to leave with the Committee, Mr. Jorgenson, was not that I was optimistic about a continuing increase in the volume of Canadian exports. We have been geared for 600 million bushels, which, with a 150 million bushel domestic requirement, requires a crop of 750 million bushels each year. I was trying to say that I am satisfied that the demand for wheat will challenge the producers' ability to produce that quantity over the next few years on current acreage.

I also think that the railways have made a marked improvement not only in power, with the use of diesels, but with the better equipment they are bringing out and better co-ordination of activities. They are working with us to co-ordinate their activities with the operation of their roads. We can expect a further improvement from the railways in the transportation field, as there has been a marked improvement in the last few years.

Really, my concern today is Canada's continuing ability to produce enough high quality wheat year in and year out to meet what I expect will be the demand for our grain.

Mr. JORGENSEN: Of course, the production of grain is a problem over which the board has no control; but in the happy event that we are able to produce these quantities of grain, do you think the present facilities, not mentioning the railroads—the terminal facilities—that we visited at Vancouver this past week are geared to handle the amount of sales that you envisage?

Mr. McNAMARA: No; I, personally, do not. I know that my views do not correspond with those of other people who are just as knowledgeable in this field as I am. But this is a year round port and I do not think it is practical to expect these terminals to operate on a permanent year round basis at the rate at which they have



been operating in recent months. That is why I would like to see additional facilities at the west coast.

There would be times when they would not be utilized to full capacity, but there are times, as there have been in recent weeks, when the railways could be moving more grain to those ports so that we could build up reserve stocks. This would be very helpful to us if there is adverse weather or we encounter labour difficulties.

There is no doubt in my mind that the current movement and the future developing movement will be more related to a demand from Vancouver than be from the St. Lawrence and the Atlantic ports. We certainly have all the facilities we require along the St. Lawrence and in the Maritimes. I think the need for additional facilities at seaboard ports is in the Pacific coast area.

Mr. JORGENSEN: During the course of our trip through the west we heard quite a number of suggestions from various organizations, all the way from doing away with the railways to pipelines.

Has the Canadian Wheat Board commissioned any survey, projected into the next 20 or 30 years, to determine not only what type of transportation and terminal handling facility we will require, but gathering system as well?

Mr. McNAMARA: The answer is in the negative; we have not commissioned anyone to do this type of work. Although we have taken the initiative of suggesting to the federal government, to our Minister and to the Minister of Transport and the people in charge of the ports and transportation, that studies should be made to improve it.

The government has already commissioned private firms to investigate this possibility, particularly as related to movement to the west coast ports.

As I mentioned earlier we are working very closely with the railways. We are conducting very aggressive scientific studies ourselves on how the transportation not only of grain but of other bulk commodities to the west coast can best be stepped up. I am very encouraged by the efforts being made to improve the situation.

Mr. JORGENSEN: That is fine.

I want to come back to this problem that we have been faced with on a number of occasions, particularly in briefs presented by various farm organizations, namely, the inclusion of flax, rye and rapeseed under the Canadian Wheat Board. As Mr. McNamara probably knows, one of the difficulties that the producers of flax face is being subject to the limitation of the quotas at times when prices are perhaps relatively good, and being unable to deliver, and then finding themselves in the position that when the quotas are open the prices have dropped. The board, or the government, or somebody, of course, gets the blame for that sort of thing. Is there some way that a pooling of prices on flax could be undertaken by the board?

Mr. McNAMARA: I think that the views that I presented to the Committee last June on this are pretty clear. As the agent of the Crown, or as the marketing agency for producers, if Parliament decides to entrust us with this responsibility, we will certainly do the best job we can, and our operations will be along the lines of pooling. It is an entirely different operation from that of wheat, oats and barley.

I do not fully subscribe to the arguments that have been advanced to you that because it is necessary for deliveries of flax and rapeseed to be regulated it automatically behooves the Parliament of Canada to entrust this responsibility to the board. I think

that in years when congestion develops, as it has in the past and when we have produced large crops, it is not reasonable to expect, just because there is an open market prevailing on flax and rapeseed, that those producers should have the opportunity of utilizing the commercial facilities to the extent that they desire at any time they desire. I am not so sure that this would increase the delivery opportunities, because I am quite sure that without quotas they would soon find congestion developing at their local delivery point. We certainly could not allow the unrestricted movement of flaxseed and rapeseed to Vancouver, to the extent that the terminals out there were congested with oil seeds. We would find it impossible to take advantage of markets for other grains because the pipeline was clogged. Therefore, although I think this is the strongest argument they have advanced, after Mr. Rapp. . .

Mr. GUNDLOCK: Leave it on the record.

Mr. McNAMARA: . . . Mr. Rapp was successful in getting it recognized as a grain, I do not subscribe to the idea that it necessarily follows that it has to be marketed under a pooling system such as we would operate.

Mr. JORGENSEN: Thank you, Mr. McNamara.

Mr. WATSON (*Assiniboia*): Mr. McNamara, a good many of the questions that I was going to ask have been partially answered.

My first question pertains to the Moose Jaw elevator. I realize, as we all do, that the farmers are most interested in saving the 6 cents a bushel drop off charge that has been referred to as necessarily coming off the average price. We are all familiar with it. I believe there is a rumour that possibly three or four million bushels are going to be put in this elevator at the present time. I do not know whether or not this figure is correct. What is the reason for the wheat board using this elevator at this time when the quotas, generally, speaking of the southern part of Saskatchewan with which I am familiar, at the present time are basically five and six bushels per acre. I presume that immediately some of them will be going on to an eight bushel quota. What is the reason for the wheat board putting wheat in that elevator now compared to the last two or three years when we have had a bottleneck of wheat and were wanting to use this facility and it was not used?

Mr. McNAMARA: There are two reasons for this situation, Mr. Watson. First of all, let me indicate to you that elevator agents have given us an estimate that producers have about 1,158 million bushels of grain that they would like to market. This compares with a total of 768 million that was delivered last year. In other words, we are back to the situation where, regardless of heavy exports and a record domestic utilization, there is going to be a considerable quantity of grain that cannot be delivered into commercial channels.

In the last few years we have not been using these interior terminals because the supply situation was such that we were confident that we could take practically all the grain off the farms that the farmers wished to deliver and move it to the lakehead and Pacific terminals without incurring this extra charge to the producers. We feel this year, with the surplus of grain produced, that the producer is entitled to market all the grain we can export, that is consumed in Canada, or that can be stored in commercial facilities within Canada.

Now, the timing of this movement had to be such that it would not interfere with our export commitments. The reason we have just recently ordered five million bushels

into Moose Jaw and five million bushels into Saskatoon, which is about the capacity of these plants, is that at the present time the lakehead is becoming congested. We have over 82 million bushels of grain in store at the lakehead at the present time. There are about 15 million bushels in transit to the lakehead. When these cars are emptied the lakehead will be congested and the railways will be confronted with a period of perhaps six weeks when there will be no movement to the lakehead at all. In fact, they have embargoes on shipments to Fort William today.

It would seem to us that the time was now right to utilize the equipment that the railways have available; and I might say that the Board of Grain Commissioners are not averse to our filling up these terminals for them; but the time is right to move this grain now.

We are moving a high grade wheat because, as I indicated earlier, we produced a very high quality crop. A lot of our sales in the first half of the year were sales related to grades that were produced previously, the low grades—the threes and fours. But there are many points in the west where Nos. 1 and 2 Northern wheat are predominating. We therefore intend to move this over-supply of these top grades into these facilities; and I would expect, depending on the quality of next year's crop, that this probably will be grain that we can leave in these facilities for some time, because it will not be needed for immediate market requirements. If this is the case it will reduce the cost of utilizing these terminals, because once you put it in the longer you leave it in the less expensive it is for you.

Mr. WATSON (*Assiniboia*): Thank you, Mr. McNamara. I am certainly pleased that the figure is going to be five million bushels, because I think the terminals are there to be used. I think your explanation was a very sound and reasonable one.

My next question also pertains to terminal elevators. You mentioned a little while ago that you felt that possibly there were not enough terminal facilities being built; that if they were going to be built they should be built at the coast. This brings up the Prince Rupert elevator which, as you know, has a capacity of 1,250,000 bushels. I believe that the new extension is going to have a million bushel capacity. When we were out at the coast on Monday we were looking at a ship there taking on approximately a million bushels. I believe some of the officials said—I am not sure whether it was shipped out of the Vancouver port or not—that one large vessel has now taken out something in the neighbourhood of three million bushels. I would like to have your opinion on whether or not the estimated capacity of the new addition to be built at Prince Rupert should be extended to possibly three or four million bushels? It is a terminal port. It is now a million bushel capacity. If one ship took a load out the elevator would be empty and certainly you could not utilize it by getting the grain in to get another ship in. Should it be three or four million bushels instead of the one or two as at the present time?

Mr. McNAMARA: I would suggest, Mr. Watson, that this is a question that could probably be better answered by the Board of Grain Commissioners or the representative in charge of this terminal, who will be with you and who will know more about it.

My own feeling is that the workhouse is such that much more additional space than is contemplated at the present time probably would not be feasible with the unloading capacity that they have at the terminal and the workhouse and cleaning capacity.



Another factor that I think would affect the situation at Prince Rupert—although we as a board strongly recommended to the government that additional facilities be created there—is that this port is serviced only by the CNR. You can only ship to advantage from a comparatively limited area in Alberta and northern Saskatchewan. If I had to make a choice, and although I welcome the additional facilities at Rupert, I would rather see further expansion in the port of Vancouver which is serviced by both roads and where we can concentrate a larger volume of traffic.

At times we do experience difficulty in getting buyers to put boats into Rupert. Fortunately the Chinese are not averse to this but there have been times in our sales operations when we have had difficulty and have had to allow price discounts to influence boat owners to put vessels into Rupert.

Mr. WATSON (*Assiniboia*): Why?

Mr. McNAMARA: Because they fit at Vancouver. They fit their boats there; and it is an additional haul if they are going to Europe.

Mr. WATSON (*Assiniboia*): Will the wheat that is being put into Moose Jaw and Saskatoon at the present time be cleaned so that it does not have to be cleaned when it is ready for shipment?

Mr. McNAMARA: Yes, it will be cleaned by the interior terminals.

Mr. WATSON (*Assiniboia*): My next question, Mr. McNamara, is going to be a little blunt. It is a question that has been asked many times and no one ever gets a complete answer. The answer is always: This is somebody else's baddy. Mr. Olson dealt with it at the beginning of the meeting tonight.

It goes back to the allocation of boxcars at the country elevators. There are many arguments why it should be done this way or that way, but invariably at a country elevator, where there are two, three or four elevators, the railways, regardless of the shipping orders—I have to say that there are shipping orders there; they have to have shipping orders to get cars—invariably drop off equal numbers of cars at the elevators. Why is it done this way? In my estimation the railways dictate to me and to the other farmers in western Canada basically what elevator we are going to haul to.

Mr. McNAMARA: Well, I am pleased you have given me the opportunity of making this comment. I am afraid that I am going to be interpreted as being a great defender of the railways. There are many things in their operations that I cannot understand and which I think can be improved by further educational processes with them.

However, this question of the farmer's right to deliver to his own elevator, which I fully subscribe to, is being over-played in some parts of this country. As I indicated earlier, we have had heavy, heavy shipments. We have at times 30,000 orders in the hands of the elevator companies for Fort William and perhaps 10,000 for Vancouver. It is up to the management of these companies to allocate these cars to best advantage. Management often allocates them on a competitive basis, where they are fighting some particular company for business, and we find that some single points they operate are being starved.

This year, Mr. Watson, the railways have moved more grain out of country elevators than farmers have delivered since the 1st of August. The shipments out of country elevators today are 440 million and the farm deliveries are only 432 million.

If you analyze the space available in western Canada you will find that in many parts of the west there is an average of 30,000 bushels of unused space in country elevators as of today.

Now, I realize that there are certain points that are congested. I also realize that there is more congestion in Alberta than in other parts of the prairies; but we also find that some of the companies making representations to you about the inequitable way the wheat board is handling shipping orders are trying to put a volume of business through those facilities far in excess of their capacity as related to their competitors. There is one large company that has about 34 per cent of the available space and they are handling 45 per cent of the business. Under those conditions it is only reasonable to realize that they are going to be more congested than some of the elevators that have, say, 50 per cent of the space and are only handling 25 per cent of the business.

But you must keep in mind that in our distribution of these shipping orders we have now devised a system that reflects the business the company can develop over a period of time. We have a floating system where the business of each company develops within the province over a 12-month period; we drop a month and add the next month; that company gets that share of our shipping orders for that particular province. So that if company "A" is building its percentage up to 45 per cent it starts getting 45 per cent of the shipping orders. The initiative is on these companies to develop more business.

Possibly they need more facilities; I do not know; but I do think that the manner in which we are distributing our shipping orders to the companies is eminently fair, because it reflects their members' business, or other business that they can develop over a period of time. There has been a marked improvement in some of these producer-owned companies with respect to the business that they are originating since our system was put into effect.

Mr. WATSON (*Assiniboia*): Possibly what you say is quite true; but to go back to a year ago, or possibly two years ago, there was a critical situation with certain elevator companies. You referred to the companies that could handle more grain, or were handling the largest percentage; let us put it that way. This was possibly the elevator that I wanted to haul to, but as a result of the railways spotting cars—three at each elevator—the man not getting the business was getting the boxcars. He eventually ended up with lots of space and I, as a producer of grain, had to haul to an elevator not of my choice because he had the space. Then it gets to the point that perhaps all these elevators are doing reasonably close to the same amount of business; but it all comes back to the fact that the elevators dictated to me the elevator that I had to haul to.

Mr. McNAMARA: May I suggest, Mr. Watson, that the management of the particular elevator company you are patronizing has some responsibility in this connection because if company A in Saskatchewan, which is getting 50 per cent of all our shipping orders, which is related to the amount of business that they are originating in Saskatchewan over a period of years, part of which time they have had ample space in the elevator—if it does not put into Assiniboia a share of its orders, contingent with the members' wishes at Assiniboia to patronize their elevator, they are starving your point in preference to some other point.

Conversely, if one of the private companies put in a larger percentage of cars ordered into Assiniboia, some other point on their line is being starved because they get

that share of orders related to the business that they have developed over a period of years. We use the Board of Grain Commissioners' figures in determining these percentages.

Management likes to blame somebody else, you know. In many cases the responsibility rests with management; and even in the distribution of cars—I know this from personal experience—if some of these companies would quit complaining to us and endeavour to have their travelling superintendents or officials work more closely with the local elevator agents I think a lot of these problems would be alleviated.

Mr. WATSON (*Assiniboia*): One more short question pertaining to delivery on permit books. The elevator companies are becoming larger. In certain places we have only one elevator now. Possibly in the next town we have another elevator of a different company, not at my particular delivery point. Can you see any change in the permit book system whereby we can have an open delivery point? Is there any complications that would rule this out?

Mr. McNAMARA: I would say, to have an open delivery point would make it practically impossible for us to administer quotas. I think all we could do would be to have a level all over at three and go to four, because in the administration of quotas you have to know which producers intend to deliver to that point; what their acreage is and what volume of grain is likely to come in when you raise the quota. But, on your general question I am optimistic and I can see a revision in the system of permits whereby we can mechanize ourselves further. We can have permits and have the elevator companies prepare the documentation in such a way that we can scan it and put it through our machines. It would eliminate an awful lot of cost to us and would be much more efficient. We are actively exploring this possibility with the elevator companies. Progress has been somewhat slow but we are coming very much closer than we were a few years ago to a great improvement in issuing the permits and regulating and controlling deliveries, and putting the records into our machines will be a considerable saving to the producers.

Mr. WATSON (*Assiniboia*): If I gave you the wrong impression at the start, I am sorry. I did not mean to do away with it. When you referred to not knowing how many acres, I say we would still want the books exactly as they are. My acreage would be recorded there and you would still have all the statistics you needed. You would know where the wheat was and how much would be delivered, exactly the same as it is today, only you would not know whether I am going to haul to point A or point B.

Mr. McNAMARA: That is my point, if we knew who, at Assiniboia, was signed up and how much was going to be delivered. But if you went to Piapot and delivered your 20,000 bushels it would upset all the calculations at Piapot. When we are going to raise the quota we have to know that so many acres at one bushel should bring in 70,000 bushels; we have a 35,000 bushel space and therefore we could afford to raise the quota. But if farmers were free to deliver to any point I do not see how you could operate a quota system as we operate it now. We have studied this considerably, Mr. Watson, but so far we have not been able to come up with a solution.

(Translation)

Mr. GODIN: In the Eastern provinces, when we want to make cereal purchases, we can choose between May, June, July, August, October, November. I imagine this method was valid when the winters were rigorous. Now that Winter ends as early as the



15th of April, can we expect a new policy, a March position for cereals offers, a little bit in the way the United States makes offers of corn.

*(English)*

Mr. McNAMARA: I do not know if I quite understand your question. Certainly as far as the board is concerned with feed grains we sell these basis in store the Lakehead and we are prepared to sell them any day during the year. They can be moved at the convenience of the buyer in eastern Canada. The reason that most of these feed grains move into eastern Canada is because it is much cheaper to move them by water during the period of open navigation. If you shipped all by rail the cost practically would be doubled compared to the water route. That is why the movement has been limited to the open navigation season. I do not know whether that was really the answer you wanted, sir.

*(Translation)*

Mr. GODIN: Now, the ships come to Quebec the 15th of April and our purchases are made for May and June. Could we buy in March, so as to take delivery from the first ship that arrives in April? Could we not step up delivery to be earlier than it was 15 years ago?

*(English)*

Mr. McNAMARA: There is no reason why you could not buy oats and barley today for shipment as soon as navigation opens on the first boat. There is no restriction on this at all.

*(Translation)*

Mr. GODIN: We are five months without an offer. If the March position does not exist, there a series of positions, May, June, July, August, October, November. If we were to buy three or four months in advance, in the month of October, could I buy for the following March?

*(English)*

Mr. McNAMARA: Yes.

Mr. PETERS: Mr. Chairman, as an easterner I have been impressed with one thing in western Canada and that is the wheat board's inability to make much change in the whole process over a great many years in terms of their operation except through streamlining. I was interested to notice at one or two of the elevators we visited some very new type cars being used industrially to haul potash and also on occasion to haul grain. They have a considerably increased capacity. Has the board given any consideration to the modernization of the whole operation of grain handling? You have mentioned that in your opinion the west coast facilities are not large enough. Has the board given any consideration to using the 22 million bushel capacity on the west coast—

The CHAIRMAN: Mr. Watson and Mr. Gundlock your voices are coming over that microphone.

Mr. GUNDLOCK: Well, it is a good voice, boy.

Mr. PETERS: As I understand it the capacity of the four inland terminals would be approximately 20 million bushels. Has the board never given any consideration to implementing a totally new system of handling the situation on the west coast so the

grain would go through the inland terminals, be dried, cleaned and graded for export the same as it is in the pool and other terminal elevators now, and by using the very up to date communication system the train would leave the pool elevator at Moose Jaw for the west coast and, using a totally different method of loading the boats, load directly from the train as it passed over a loading ramp? It seems to me that we have facilities that would double our capacity now but there appear to be vested interests in many fields that seem to eliminate the possibility of any new process being engaged in this industry. This does not appear to me to be in keeping with the advances that are obviously being used in industrial shipments in other fields.

Mr. McNAMARA: First of all, Mr. Peters, I would seriously question your presumption that the grain industry in Western Canada, which includes the board and the operating companies and terminals, has not kept in time with progress. We have doubled our exports. I think train is being handled probably more efficiently in western Canada than any other place in the world. That does not mean that we should not look forward. I tried to explain that although we are responsible for sales, we are not responsible for operation or transportation. We have made representations to the railways and to the government suggesting studies we believe should be contemplated. But I think the illustration you used would be a retrograde step because of our system of collecting grain at the present time. In western Canada we have 5000 country elevators scattered around that the farmers like to deliver to. You ask the railways to put cars into Mr. Watson's territory of Assiniboia, to load the cars, move them 100 miles to a government elevator and unload them. Then the grain is cleaned and moved out to Vancouver. To me it is much better transportation for the CPR to take those cars from Assiniboia and, instead of stopping at Moose Jaw and reloading some other grain, to high-ball it right through to Vancouver.

Mr. PETERS: This, of course, would probably be a difference of opinion. I cannot really see any difference in whether you clean the grain and get it into export shape in Moose Jaw or whether you do it in Vancouver, except that you would be doing it at a government terminal rather than doing it in a private operation. The unloading would cost very little money, I imagine, other than the ramp to be used for unloading to these boats. Obviously the boats are changing and the whole operation of transportation we service is changing. We find that some elevators are not equipped now to handle the boats that come in because of their obsolescence. It seems to me perhaps the board should be giving some leadership in at least considering this because I, like the Chairman, am of the opinion that we will probably keep increasing our volume of output over the next few years.

Mr. McNAMARA: I hope you will not interpret my remarks to mean that I am against progress and I welcome any studies of this kind that can be made. But there have been a lot of suggestions made in Canada that particularly we should be copying what the Americans are doing with special trains high-balling grain from Minneapolis and some of these points to seaboard. But our system of grain handling is not inferior in any way to the American system. I think we are much more modernized than they are. But it is a quite different system. One of the things I am most concerned with is the final return to our producers for the wheat they produce. That is why we have been averse, without improving our system, to incur larger operating costs.

Even if it were feasible as you suggest to take grain into Moose Jaw, have the government elevators clean it, take the benefit of the cleaning revenue, have the benefit

of the disposal of the screenings, we would find that the country elevator system now employed in western Canada would have to undergo some marked changes in its source of revenue. They tried to prove to us on many occasions that the country elevator revenue is not sufficient to warrant the expenses incurred. If it were not a tied-in operation with their own terminals they could not operate at the rates they are now operating to the benefit of the producers. I would seriously suggest to you that if we separated their terminal operations from their country operations we would find the country charges would have to be increased very substantially out of the producers pocket.

Mr. PETERS: I asked this question mainly because of an indication we had from, I believe, the Alberta pool that this year they are going to put in another 20 or more of the same type of hoisting operation they now have. It seems to me we should, perhaps, give some consideration to modernizing the whole transportation system now that the abandonment is going to make this necessary in certain areas anyway. We are going to have to change our system and probably truck transportation could be considered. The railways are now doing this themselves in certain instances. Maybe we should be giving direction. Rather than building 20 new elevators perhaps we should be starting to make the change that abandonment is obviously going to make in this housing unit which is really just an elevation operation for loading purposes. It is really a loading and unloading operation.

Mr. McNAMARA: I think, Mr. Peters, if you had the opportunity of studying what the elevator companies are doing—the private companies as well as the pools and United Grain Growers—in consolidating facilities, in closing elevators and exchanging elevators, that you would be surprised at the extent which they are already moving in this direction. Certainly the Saskatchewan pool is with an investment now of \$21 million in a new terminal at the west coast. The Alberta Pool are considering expanding their facilities and bringing in new cleaners. This is an indication to me that the companies are moving in this direction and that we are modernizing and keeping our plant up to date. It is probably not being done as fast as some of us would like, but there is a lot of work being done.

Mr. PETERS: It is no doubt a controversial subject—

The CHAIRMAN: May I say one thing to make it clear for the record. You intimated in your line of questioning that cars had been developed for the hauling of potash, hopper cars or cars that did not require any unloading equipment. I got the feeling that you mean: Why was this not developed for the grain industry, too? Mr. McNamara, you did not answer that question.

Mr. McNAMARA: I feel the people who are entrusted with transportation and who know more about transportation are better equipped than I to devise the type of transportation most suitable to the movement of grain in line with a reduction in cost.

Mr. PETERS: Not necessarily. Obsolescence may be a very expensive proposition for the railroads, but it may not be in the interest of the farmer or the Canadian economy. You were unloading boxcars yesterday at the government terminal in what I would consider to be a highly amateur way. You have improved the operation so the man does not have to use a shovel but really the operation is the same. Certainly this is not modern. No one can indicate to me this is a modern way of doing it. It is less back



breaking than the shovel, but it is exactly the same proposition. We will leave that, I think, Mr. Chairman.

Mr. WATSON (*Assiniboia*): That elevator was built in 1914.

Mr. PETERS: Yes, I am sure the whole operation and the buildings the elevator companies are building are operations that existed 40 years ago. But we will leave that.

Mr. McNAMARA: Let me make one point, though. Under our act we are a marketing organization. We do not operate any elevators. We are not unloading any cars. We are not operating any terminals. I suggest that responsibility for modernization should be dealt with by an organization more closely involved than the selling organization.

Mr. PETERS: It should be an agency of the government, considering this is a very important part of the national economy. What agency of government would you suggest should be the one to be giving the leadership in the modernization and upgrading of our ability to deliver the grain we have to the ports?

Mr. McNAMARA: I could only give you a personal answer to this. I do not think it should be any agency of the government. I think industry, including the farmers' own companies, should be taking the initiative in this regard.

The CHAIRMAN: May I say one thing, Mr. Peters, for the clarification of the Committee. The potash companies did not accept the old cars. In marketing transportation is one of the most important things to me. If you do not have good, efficient transportation your marketing can fall down. Surely the wheat board can make a recommendation on transportation.

Mr. McNAMARA: We have made recommendations, but again I suggest that when we were able to move out of our country elevators into marketing position over 800 million bushels last year, which is the largest quantity ever moved, that the transportation is not falling down.

Mr. PETERS: Mr. Chairman, I would suggest we are running very close to our maximum capacity. The system does not allow for any eventualities that may take place. If there is a strike in the port everybody screams. We have no margin for eventualities that will occur from time to time. I think you will agree we have pretty well reached our maximum. If we are going to increase this maximum we are going to have to change the system.

Mr. McNAMARA: I am in complete agreement with this, particularly as far as the west coast is concerned, and that is why I advocate more storage facilities there because I know the railways could move more grain to Vancouver throughout the year if we had larger storage capacity. For the last three weeks the railways have had to limit their movement to Vancouver because we were congested. There was a strike out there as you know. If we could have utilized that period to build up stocks a lot of our difficulties would have been alleviated.

Mr. PETERS: May I ask a question about Churchill? I have not heard that group that periodically recommends greater increases through Churchill. But, I did hear a rumour that no grain movements are contemplated into Churchill until the spring. I am wondering why we do not utilize the winter period for hauling into Churchill so that

the crew up there can have the facility filled to the maximum by June 1 when the shipping season will start.

Mr. McNAMARA: There is no practical reason, as far as the board is concerned why we could not be moving wheat into Churchill today. I explained previously that the lakehead is congested. But I suggest you visit Churchill—

Mr. PETERS: Not this time of the year.

Mr. McNAMARA: —at this time of the year and try to envisage filling that terminal up during the winter. Actually, a lot of play has been made about the decision of the board not to fill Churchill last fall. This in no way affects our sales potential. The fact is, when we finished a shipment we normally filled Churchill up at that time. But we needed grain in other positions so desperately then that we could not authorize the railways to move that extra five million bushels in at that time. But we can move it this spring. As soon as weather conditions permit we will be operating up there again.

Mr. PETERS: Am I wrong in saying this was the only shipping point in Canada that was not working to maximum during the shipping season? There were ships lying off the terminal for several weeks with no grain.

Mr. McNAMARA: At Churchill?

Mr. PETERS: I am just asking, I do not know.

Mr. McNAMARA: Oh, no. There was no delay at all in loading vessels at Churchill. The complaint received in that we did not fill the elevator with five million bushels of grain and leave it there until next August when the season at Churchill opens again. Of course, the National Harbours Board lost storage because we did not store grain at that time but the producers stored it. But that was not our reason for not filling it. The reason was that towards the end of September, when we would have started filling it because our shipping season was completed, we would have had to utilize railway equipment that we desperately needed to move grain to Vancouver and the St. Lawrence where we had boats waiting.

Mr. PETERS: I have just one last question which is perhaps another nasty question. What is the relation of the Canadian Wheat Board going to be to the eastern feed grain agency?

Mr. McNAMARA: I hoped I had made our position very clear when I met the Committee last. At that time the eastern agency was being considered by Parliament. We regard the eastern Canadian market as our most important outlet for our coarse grains and our low grade wheat. As in the case of every other market we are very anxious to merchandise grain into that area in accordance with the wishes of the buyer. When the eastern feed grain agency is set up we will be pleased to deal with them. We will co-operate with them. We will not give them any special price consideration but we will work with them the same as we work with buyers in any other important market that utilizes our grain.

Mr. PETERS: You anticipate them only being another broker?

Mr. McNAMARA: I beg your pardon?

Mr. PETERS: As far as purchases are concerned.

Mr. McNAMARA: I do not know what powers will be authorized by the government, whether they will purchase or be just a supervisory organization. I am not sure.

But, in either event, you can be assured the Canadian Wheat Board will endeavour to make our feed grains available to them for local distribution in the manner they prefer, but at no special concessions.

Mr. PETERS: Do you contemplate—nobody really knows—a disruption in some of the eastern facilities that are now being used by the wheat board—for example, Collingwood, Prescott, Baie Comeau—for grain storage that will be under the agency rather than wheat board control?

Mr. McNAMARA: Yes, probably there will be. Originally, practically all those terminals were built by taxpayers' money for the export of Canadian grain, but in recent years they have been utilized more and more for the handling of domestic feeding grain requirements. We cannot complain about that because, as I said, this is a good market for us and for the handling of American grains through these elevators. Fortunately the movement and the demand for the west coast has lessened our interest in the St. Lawrence as an export outlet. Probably we have not been hurt to any great extent as a result of these developments, but certainly, as the eastern domestic market develops and they utilize terminals which were built for export—which I do not think are suitable; they are not first-class domestic distribution houses—it will affect our ability. In Quebec, for example, we have to close out about the end of October and we cannot utilize that facility for storage for export grain during the winter. The same applies to Prescott and to a considerable extent to the port of Montreal. We find the requirements of the domestic feeder is such that we cannot utilize those elevators for large blocks of wheat for storage for early spring shipment to the extent that we could a few years ago.

Mr. PETERS: Is hardship being worked on the board in its marketing program, particularly in the case of Montreal and Baie Comeau, where there is a possibility of a much extended season than previously in terms of having grain in position for export purposes?

Mr. McNAMARA: I cannot, in fairness, say it has been a hardship worked on the board. We have had to reroute stocks to different ports in the St. Lawrence and concentrate on ports such as Baie Comeau for the export movement to a greater extent than we would normally have done if part of these elevators had not been utilized for domestic storage. On the other hand, this movement is controlled by the Board of Grain Commissioners who have given us their assurance they are watching the situation and they will not allow this movement or the movement of American grain through these ports to hinder our export movement. If we get into difficulty they will hear from us.

Mr. RAPP: Mr. Chairman, I would like to have Mr. McNamara's opinion on a question. It has to do with the name of the board itself, namely, the Canadian Wheat Board. At one time the Canadian Wheat Board handled only wheat and now some other grains are under the jurisdiction of the Canadian Wheat Board. Also you handle rapeseed and, perhaps, other grains. The reason I think the name is not descriptive enough is because there are some places where it will be misinterpreted. This year when I visited eastern Europe I was asked whether the Canadian Wheat Board handles only wheat or whether it handles other grains also. I have in mind to put a motion to have the name changed. I would like to have the name changed, perhaps to Canada Grain



Board. It is more descriptive of the function of the Canadian board and it would, perhaps, serve a better purpose in countries which deal with Canada as far as grain is concerned. As I said, this question was asked in eastern Europe. For some reason or other I think the people do not know that the Canadian Wheat Board handles more than wheat. I would like to have your opinion on this. If you do not care to express an opinion, I will not be offended.

Mr. McNAMARA: All I can say, Mr. Rapp, is that a rose by any other name would smell as sweet and I hope we would smell just as sweet in the eyes of the world as we do now in being called the Canadian Wheat Board. I assume this developed from the pool organizations calling themselves wheat pools, but handling all grains. The Australia Wheat Board merchandizes only wheat. There is an Australian Barley Board which is a separate organization. But, I am surprised to hear you say that in your visit abroad you ran into people who do not realize we also are interested in marketing Canadian barley and oats and that we are also interested in doing what we can to market flax, rapeseed and develop business generally for Canada in these markets. As I say, I never thought about changing our name.

Mr. RAPP: How about Canada Grain Board?

Mr. McNAMARA: I do not know. In a commercial organization if you have a product that is well known in the world, whether it is White Rose flour or something like that, you try to capitalize on your reputation. I am just vain enough to think the reputation of the Canadian Wheat Board throughout the world is such that we should continue to capitalize on it.

Mr. MUIR (*Lisgar*): Mr. Chairman, I would like to ask Mr. McNamara how much grain was transferred to the crop year 1966-67 in closing our 1965-66 grain pool.

Mr. McNAMARA: The 1965-66 crop year? I regret very much, Mr. Muir, to have to apologize to you. I do not think this is an information I should give to this meeting at this time. This has not been submitted to Parliament yet. Until our report has been dealt with I do not think I should disclose a figure of that nature.

Mr. MUIR (*Lisgar*): I will accept that because I did not realize it was confidential. Well, let me put it another way. You do know how much you transferred to the 1965-66 pool from the previous one. I do not want you to go back too far but I think you have the figures.

Mr. McNAMARA: Yes, we can give you that figure.

Mr. MUIR (*Lisgar*): It opens up another question.

Mr. KRISTJANSON: Ninety-six million bushels.

Mr. McNAMARA: How much?

Mr. KRISTJANSON: Ninety-six million.

Mr. McNAMARA: Ninety-six million bushels were transferred.

Mr. MUIR (*Lisgar*): Ninety-six million bushels were transferred to the 1965-66 pool? What was this grain priced at in the transfer from one pool to another?

Mr. KRISTJANSON: It is in the supplementary report on page 2. The amount transferred was 96 million bushels from the 1963-64 pool to the 1964-65 pool. As I recall, the transfer was made at the price in effect on the day the transfer was made.

Mr. MUIR (*Lisgar*): Just for the information of the Committee, how does the transfer from one pool to another take place? You transfer, say, 96 million bushels from one pool year but it may be 150 million in the next pool year. How does this affect the individual producer's earnings over an average of years?

Mr. KRISTJANSON: As long as our judgment is right on the price at which it is transferred there should be no problem.

Mr. MUIR (*Lisgar*): The producer would gain if the price was right?

Mr. KRISTJANSON: If we sold it at a higher price than the market price on the day of the transfer, then there would be a net gain to the next pool.

Mr. McNAMARA: On this question, Mr. Muir, there is nothing in our act that confines us to transferring at the market price. In some of our pools we have taken into consideration the market outlook for the grain. We have allowed a margin in the transfer to offset a possible decline in the price before it was merchandized. In the case of the coarse grain pools, where no carrying charges are received from the government, we make an allowance for carrying charges in the transfer based on our judgment of how long it will take us to sell it and get it out of commercial storage. There is nothing in the act that confines us. It is a question, as Dr. Kristjanson said, of our judging what that oats, or barley are worth at the time of the transfer, taking these other factors into consideration.

Mr. MUIR (*Lisgar*): Now that you have transferred from one pool to another, have you sold any grain to non-participating nations over the IWA ceiling price? Have you ever sold any?

Mr. McNAMARA: We have in the past. A number of years ago we had what you might call a class 2 price which is a price at which we could sell to non-IWA customers above the ceiling of the then IWA. But in recent years we have not been able to sell to anybody at a price in excess of the IWA maximum.

Mr. MUIR (*Lisgar*): You would agree that a low price ceiling actually would establish the maximum export price? I mean, if you had a low ceiling that would be the maximum price?

Mr. McNAMARA: Under conditions that have existed in recent years and in the foreseeable future, I am concerned that with the number of nations participating in the IWA and the number that will, possibly, participate in a new cereals agreement under GATT, the ceiling as prescribed in that document will become a very effective ceiling. When you are negotiating, say, with China, that is very aware of the regulations it is pretty hard to sell to them at a price higher than you are selling to other customers.

Mr. MUIR (*Lisgar*): Why was the class 2 price dropped? There must have been some reason this was done.

Mr. McNAMARA: I think the ceiling at that time was \$1.98 in Canadian funds—I am not too sure of that figure—but the world demand for wheat dropped and we could no longer sell our wheat to IWA countries at the ceiling. We were offering wheat and desperately looking for markets at prices below the IWA ceiling. That is why it dropped. It became an unrealistic price.

Mr. MUIR (*Lisgar*): In other words, there is no reason for a class 2 price to exist? I was interested in the port of Churchill for at least two reasons. We like to know from year to year how much is exported through that port and whether the business in the port is growing, or whether you have reached a maximum. This information probably is in your supplementary report, but how much grain did you ship in 1965-66 out of Churchill?

Mr. McNAMARA: Twenty-two million bushels, slightly below the record achieved the previous year.

Mr. MUIR (*Lisgar*): The elevator is empty now, is it not?

Mr. McNAMARA: We have about 800,000 or 900,000 bushels in it.

Mr. MUIR (*Lisgar*): Is there any repair work being done on the machinery?

Mr. McNAMARA: I understand there is, yes.

Mr. MUIR (*Lisgar*): That is a question for the other board, I am sorry. Perhaps you could tell the Committee the differential in the price at Vancouver, Churchill and Fort William.

Mr. McNAMARA: The differential at Churchill varies from year to year depending on the interest of buyers in taking grain out of that port. In recent years when we opened up on our sales through Churchill, we indicated to the trade and the world at large that we were prepared to accept orders for Churchill and asked them to bid for the wheat. I think last year, in the case of No. 2 Northern, we were able to get a price of about 7 cents a bushel under the St. Lawrence price which, in turn, works out to a premium over Fort William of about  $8\frac{1}{2}$  or 9 cents a bushel. On the No. 3 Northern I think the differential was about  $8\frac{1}{2}$  cents under. So the Churchill price is always related to a discount under the St. Lawrence asking price, it being recognized, or of course, that the buyers have to pay a higher freight rate to go to Churchill than they do to the St. Lawrence.

At Vancouver the price has fluctuated. We have had premiums ranging, I believe, from 9 cents a bushel over Fort William to the current level of about 4 cents a bushel over Fort William which is the premium on wheat we are realizing now out of Vancouver. The reason for this fluctuation is the change in the ocean freight rate structure. A buyer in the United Kingdom checks Vancouver and the St. Lawrence ocean freight and we take as much as we can at Vancouver, trying to keep the Vancouver price about at the same level as the St. Lawrence price. So that accounts for the fluctuation that has prevailed.

Mr. MUIR (*Lisgar*): Mr. McNamara, everyone knows this has been a high grade crop this year. Do you expect to be able to meet your low grade commitments to China?

Mr. McNAMARA: There is one more boat to leave with low grade wheat for China and I am happy to say that the stocks are at least in sight to complete it. We were successful in making arrangements with the Chinese, when the new contract covering high grade wheat was negotiated just recently by my colleague Mr. Lawrie, to do some switching between boats for the old contract and put the old boats in to take some of the high grade wheat. But we have just about finished our old commitment to China and we have completed all our commitments of low grade wheat to all other buyers.



Mr. MUIR (*Lisgar*): They are willing to defer some of the shipments of low grade wheat, is that right?

Mr. McNAMARA: That is right. They are taking some of the high grade wheat in boats that were originally scheduled for the low grade wheat. There is only one more boat to go.

Mr. MUIR (*Lisgar*): If you were caught in a position like that where you could not make this sort of deal, would it be feasible to draw low grade wheat from east of what is usually the Vancouver orbit? Would it be feasible to do that?

Mr. McNAMARA: Oh, yes, because even at the premium of 4 cents we are enjoying now that means we can go about 7 cents a hundred against the differential and still break even.

Mr. MUIR (*Lisgar*): Thank you, Mr. Chairman.

Mr. DANFORTH: Mr. Chairman, I would like to direct a question to Mr. McNamara. I would like to preface my question, Mr. McNamara, by saying that I have always admired the manner in which you have answered our questions which certainly illustrates a very intimate knowledge of the business. This Committee, I think, felt in Ottawa that all the Canadian facilities for the transportation, storage, cleaning and loading of grains at our ports had been stretched right to the ultimate to put out the record number of bushels that has been done. I think we have had the feeling that if there were the least amount of break-down or sag in the efficiency anywhere along the line that we would be in trouble. I would like to be perfectly fair, Mr. McNamara, by adding one other fact that you have given this Committee. I think I am stating what you meant when you made this statement, that in your considered opinion you were more uneasy about Canadians producing the amount of quality grain necessary to fill our commitments than having too much high quality grain to sell.

I think this is the indication you gave to the Committee. I am prepared to accept that because of your knowledge of the trade, but let me deliberately try to put you and your associates on the spot, Mr. McNamara. We have heard evidence of the development of new types of grain; we have heard that the average yield of barley has increased tremendously; we know the use of fertilizers is gaining tremendous momentum; we know that more summer fallow is deliberately being planted to grain. So, we could conceivably come up with a lot more grain to sell. Now, my question to you, Mr. McNamara is this: If the crop indications were there, and if the Minister of Trade and Commerce indicated to you that based on the information given to him he was able—I use this figure—to sell 200 million more bushels of grain than the best delivery we have had from Canada, in 12 months time, what recommendations would you give to the government? Would you say we cannot handle it? Or would you say, certain factors would have to be changed or be at an optimum? I think basically this is what the Committee is after. I am wondering whether you are in a position to give us some light. We know there is going to be an increased capacity on the coast but it is only, if we understand the figures correctly, approximately 5 million bushels at the west coast ports. You said this will, perhaps, be the most important terminal for overseas shipments rather than east coast ports and the Great Lakes, and I am prepared to accept this. But, certainly a 5 million bushel increase in capacity is going to be of very little concern when we could deal.

Mr. McNAMARA: That is 50 million bushels in a year.

Mr. DANFORTH: Yes, but production has increased in the last four or five years from 300 million bushels to 550 million bushels, which is a 200 million bushel increase. I would hope that we could increase production another 200 million bushels in the next two or three years which, compared to a billion and a half bushels produced in some other countries, is just a drop. But, I am wondering, could you give any indication, because I am certain you have considered it, what the recommendations would be? Would the railways have to modernize immediately? Would we have to have a tremendous increase in cleaning facilities? Where would you start? What would you recommend?

Mr. McNAMARA: I think, Mr. Danforth, you are really getting out of my field. I know something about marketing grain but I am not an agronomist. But I question a lot of the premises on which you are basing your questions. I grew up in Saskatchewan. I knew the dirty 'thirties. I know the acreage potential in western Canada is limited. It cannot be expanded, on the basis of what the Americans can change, by 50 or 60 million acres a year. I do not think there is much possibility of increasing the acreage in Canada. Now, last year we enjoyed a yield of about  $28\frac{1}{2}$  bushels an acre. I do not believe the great proportion of that was due to fertilizer. I think it was nature and rain at the right time that produced it. Our long-term average is about 16 bushels an acre. So, I question whether year in and year out, even with better technology on the farms and the use of fertilizer, Canada can produce crops that will allow us to export in excess of 600 million bushels which we indicate we are capable of doing and, at the same time, provide 150 million bushels for domestic use.

Our average crop over a considerable period of years, I would guess, would be about 500 million bushels. When you are setting your target for export and domestic utilization at 750 million bushels, I am afraid that a production in excess of that figure will reduce the quality of wheat. We could grow more wheat, and maybe a situation will develop in the world where quality will not count. It will just be food that will be needed. But, to merchandize and get a premium for our farmers over the wheat that France, the United States and even India and China can produce, we have to have quality. I think it would be a very backward step for our planners, our scientists and our plant breeders to develop only in quantity. I think quality is very closely aligned with our sales objective and our price objective. I am sure we could not be getting the price we are now securing for Canadian wheat over and above what our competitors are getting if it were not for the quality factor and the rigidity of our Canadian system of grading.

Mr. DANFORTH: I am not confining my premise strictly to wheat. I would like to add another factor, but I am certainly not going to belabour this. We were given the figure—if I remember correctly—of 6 million acres in one province in summerfallow that could very well be put into grain in the near future. Well, if my figures serve me correctly, an average of 20 bushels would give you another 120 million bushels of grain right there, and in my own particular area, the increase in corn and soybeans could conceivably be from 30 to 50 million bushels. Now, these two figures together account for almost 200 million bushels.

Mr. McNAMARA: Again, I must plead ignorance. I am really not equipped to answer these questions you are posing on an intelligent basis. As I say, coming from

southern Saskatchewan, I think one of the greatest mistakes those producers in that area could make would be to abandon summerfallowing, because the yield from summerfallow in those areas is four or five bushels an acre better than it is on stubble. I am afraid we are beginning to live in a world where we believe the weather has changed and we are going to have ample rainfall, and with fertilizer we are going to get our production up to a billion bushels. I, personally, do not subscribe to those views.

Mr. DANFORTH: Mr. Chairman, I realize there are others who want to ask questions and I will be very brief. Perhaps I have not been very fair, Mr. McNamara. I will try and get at it in another way. When the Minister anticipates sales, does he communicate with you and ask your advice on it?

Mr. McNAMARA: This is a rather embarrassing question but I will have to answer it the way I always do, honestly. Ministers do not get the inquiries or make the sales, the Canadian Wheat Board does. At times we have to go to the Minister or to the government for assistance in financing but the business is secured by the Canadian Wheat Board and its agents in practically all instances. Minister do not come to me and say: We can sell another 200 million bushels. I go to them and tell them: We have a potential; can we have certain facilities to enable us to sell it.

Mr. DANFORTH: Oh, I am just delighted to hear you say that, Mr. McNamara. Now, we will get back to the original question. What do you need to sell an increase of 200 million bushels in transportation and storage facilities?

Mr. McNAMARA: Well, you need many things. You need markets. Mr. Lawrie explained to you how world production is increasing. While we are optimistic of the future over-all demand for wheat, it is not just a case of saying: We have an extra 200 million bushels in Canada; here, world, come and take it.

Mr. DANFORTH: I realize that, Mr. McNamara, but I am also aware of the tremendous drop in the carry-over of United States supplies. If we could produce the grain we could conceivably have such a market. I am not too interested in the mechanics of selling, I am interested in how we stand in meeting commitments. I thought perhaps you would be in a position to indicate this. I am wrong, should these question be directed to the Board of Grain Commissioners

Mr. McNAMARA: So far as commitments are concerned we are responsible and we have never failed to meet our commitments. It is true that in circumstances beyond our control, such as strikes and things like that, we have had to dealy delivery in some instances, but we have always lived up to our commitments.

Mr. DANFORTH: I am glad to hear that, Mr. McNamara, and I do not doubt it a bit.

Mr. McNAMARA: Dr. Kristjanson has a point he wishes to make.

Mr. KRISTJANSON: On the question of whether we could increase or how to go about increasing exports from 600 million to 800 million bushels, I think the answer is that the terminal at Vancouver is going to increase its capacity to 650 million bushels. If we were to appraise where we would want more facilities we would say, again, more facilities at Vancouver. But, I do not think it is realistic to think in terms of 850 million bushel exports in the foreseeable future because we have had five bumper crops in a row. This has never happened in the history of western Canada before. I think we are bound to get dry years and the average will come down.



Mr. OLSON: I hope it does not.

Mr. PETERS: We have not had such nice warm weather in years.

Mr. KRISTJANSON: I think after the depression years of the 'thirties and all through the 'forties people's thinking reflected that experience of the 'thirties. I think now we have had five excellent production years people are beginning to say: We do not need to summerfallow, and so on. On that summerfallowing point—taking 6 million acres and multiplying by 20—if you take 6 million out of summerfallow you bring the average production down on the other acreage. So, it would not be quite accurate simply to say: This is a net addition of 120 million bushels.

Mr. DANFORTH: I took a 20 bushel average because I thought the average was given as 28 bushels and this is quite a leeway, but this is just mechanics.

Mr. KRISTJANSON: Twenty-eight was made possible by the fact you had summerfallow. If you cut out the summerfallow you bring that average down so I think you cannot make a net addition.

Mr. DANFORTH: One last question and then I will pass, Mr. Chairman. It is a brief one. If I understand the answers given to my questions, it is the opinion of the wheat board that we have just about reached our limit in sales.

Mr. McNAMARA: As related to our production capacity.

Mr. DANFORTH: In other words, then, our transportation, our storage, our production, everything now, in the opinion of the board, has just about reached the end of the line?

Mr. McNAMARA: Well, I suppose you have got me in a position where you are going to make me a tired, old, discouraged man with no vision for the future at all. I am trying to be practical and give you practical answers under conditions as I see them. We do not know what the future will hold and I would hope it can be improved, and I am certainly not against progress.

Mr. DANFORTH: I pass, Mr. McNamara; you have been very patient.

Mr. GUNLOCK: I would like, Mr. Chairman, to commend Mr. McNamara, and you, sir, as the Chairman. I think you have done a wonderful job—on me in particular. In view of the answer to the last question I rather doubt I have any questions left Mr. McNamara. In discussing earlier the operation and use of the inland terminals I think you stated there would be some difference in the qualifications to the producer in using the inland terminals. In other words, if I understood you correctly, you said it would cost the producer more. I actually have asked a question in the House and I ask it again. You referred—and we have heard this on our trip this time—to the cost being increased by 6 cents a bushel. Well, to the co-operatives or grain handlers that might be so. But, the question I asked before is: Why not designate these inland terminals delivery points? This, in my estimation, would do away with that 6 cent cost.

Mr. McNAMARA: I would agree with you, sir. If you could get the producers, say, at Lethbridge to patronize that elevator the cost of stop-over elevation charges would be saved and that terminal could be used. That terminal has been there for a number of years. I am quite sure the Board of Grain Commissioners would have welcomed anybody that was using it. Probably this is one of the solutions. We considered this. It has been advocated and under some study. But at times when transportation is tight, if

you could get the producers to utilize those interior terminals as primary delivery points it would offset many of my arguments against the use of them now. We have had arrangements where some of the companies put their own grain into those interior terminals and then moved it out, and they financed it while it was there. This worked to advantage in the past.

Mr. GUNDLOCK: This does entail the extra cost?

Mr. McNAMARA: Yes.

Mr. GUNDLOCK: But if they were designated as delivery points, this would eliminate that handling cost?

Mr. McNAMARA: Yes, but I think you would have to make a practical study of it. If I were with the Board of Grain Commissioners, for example, operating those facilities I would want to have some assurance of the volume of grain I could attract into that terminal before I would go to the expense and consideration necessary to operate it as a primary delivery point in competition with all the nearby elevators closer to the farmers' delivery point.

Mr. GUNDLOCK: Well, then, in your experience and in relation to some rail abandonment and so on, do you feel—particularly with the experience of the quotas, and I am referring actually only to last year—that there would be in any problem in utilizing the space available in the inland terminals?

Mr. McNAMARA: It is difficult to answer. I think in a situation like last year's they would deliver more readily to those terminals than they would in years when there is space closer to their own farms. But the fact remains, if those terminals had been there the Board of Grain Commissioner would have welcomed grain being put into them and the companies, including the farmers' own companies, have not seen fit to utilize those terminals.

Mr. GUNDLOCK: That brings up the final question, then, in my opinion, Mr. McNamara. The Board of Grain Commissioners tell us this would be just fine except they are not equipped to unload trucks. Now, that would not be a very expensive operation to my mind. That was the answer, as a matter of fact, to that question in Vancouver.

Mr. McNAMARA: I agree with you to this extent: I think as we get in to railway abandonment and as new facilities are constructed in western Canada we will not find the smaller houses at so many isolated points. There will be a tendency, as has developed in the United States, to concentrate on the bigger houses and if I were working for some of these big co-operatives I would like to see them buy interior terminals and use them for the purpose you described. Eventually, I think this will come.

The CHAIRMAN: I do not know whether you know it, Mr. McNamara, but on the way to Moose Jaw yesterday we were ready to give that elevator to the pool for a dollar.

Mr. McNAMARA: What was that?

The CHAIRMAN: I said, we were ready to give the elevator at Moose Jaw to the Saskatchewan Pool for a dollar yesterday until we found out they were going to use it.

Mr. GUNDLOCK: Maybe they would not take it.

Mr. McNAMARA: Then you found out we were going to put 5 million bushels in it. The CHAIRMAN: Yes.

Mr. GUNDLOCK: With that use, certainly a truck unloading facility is not expensive. Even the Committee, in this short trip, has realized that.

Mr. McNAMARA: We do not operate facilities. The Board of Grain Commissioners do and I think you will find in your discussions with them that they are very active in exploring possibilities for the better utilization of these terminals.

Mr. GUNDLOCK: The point I really want to make on the inland terminals has reference to the statement you made earlier that it would cost the producers something, but to me the saving in the first instance would be more. In other words, if it cost them less in the first place—

Mr. McNAMARA: There is no doubt if they could be used as primary delivery points and we could control the type of grain in store at Lethbridge, Moose Jaw or Saskatoon without having to utilize railway equipment, without having to pay elevation, without having to pay stop-over, they would be very attractive as far as we are concerned.

Mr. GUNDLOCK: I have one more question on the inland terminals concerning their capacity. What is the capacity of these inland terminals, individually?

Mr. McNAMARA: I think it is 5 million at Saskatoon; 5 million at Moose Jaw; 1.6 million at Lethbridge; 2 million at Edmonton. Calgary is utilized because of Canada Malt and some of the distillers up there, and the fact that rapeseed is deliverable against the option at Calgary. There has not been too much surplus space in Calgary. But Edmonton, Moose Jaw, Lethbridge and Saskatoon have not been utilized. We have been utilizing Saskatoon to some extent for a reverse shipment for the port of Churchill.

Mr. GUNDLOCK: Do you have the figure for Lethbridge?

Mr. McNAMARA: I have them here; I am sorry. At Calgary the capacity is 2.5 million bushels. At the present time we have 1 million bushels in store. The Edmonton capacity is 2.35 million bushels and we have 486,000 in store. The Lethbridge capacity—they show 1.25 million but I think it is 1.6 million—1.25 million and at the present time we have 693,000 bushels in store. The Moose Jaw capacity is 5.5 million with very little in store. It is just starting to move in now. Saskatoon is 5.5 million and we currently have 575,000 in store.

Mr. GUNDLOCK: Mr. Chairman, I have just one short question. We have heard through all this about delivery problems in Vancouver, the Lakehead and Churchill and we were told, particularly in Vancouver, that within a very short period of time, maybe even two or three years, the export of potash as a bulk commodity, as I consider grain to be, would equal or even exceed grain exports. We were told by the National Harbours Board representative that we are faced with one thing, simply a two-lane highway through the Fraser Canyon.

We are faced with some problems of the same kind, going to the lakehead, in winter shipping, and so on, and the same situation in Churchill due to their particular problems. I accept this premise, particularly in Vancouver. We have been talking about Vancouver. Now, if we increase wheat, potash, lumber and coal exports and we still have



that bottleneck, that two-lane highway, would you then not think that we as producers, or as legislators, if you will, should put forth a suggestion that there be more development of the west coast ports, particularly Prince Rupert and Prince George? The thought I have in mind is to get away from this bottleneck in Vancouver and the only answer I can see is that you have to have an alternative to the two-lane highway through the Fraser Canyon.

Mr. McNAMARA: I am in complete agreement with these views. As a matter of fact, I think I reported to your Committee last June that in my humble opinion the attention of all the transport authorities and the federal government should be directed to providing for the west a much more modern gateway out of the west coast. I know potash is increasing, sulphur is increasing and coal is increasing. To use the words I believe I used last June, we need, for the west coast, a project similar to the St. Lawrence Seaway and what it provided for the movement in eastern Canada. How this can best be accomplished, I do not know. I do know the railways have made a lot of improvements in the loading of their trains and the switching and automatic signals and things like this. But with the potential for the movement of all commodities out of the west coast, including grain, potash and these other things, I think there is a major need for a much improved transportation system for moving these commodities to the west coast. This is our future market, not only for grain but for these other commodities we are producing in Saskatchewan and Alberta.

Mr. GUNDLOCK: You say, much improved transportation. Would you go so far, then, as to say alternate routes? I am thinking about Prince Rupert and Prince George.

Mr. McNAMARA: Yes, I would agree with that, so we can not get our bulk commodities from the west put into seaboard position.

The CHAIRMAN: I think I should inform the Committee that there are still several members who want to ask questions; Mr. Tucker, Mr. Nowlan, Mr. Schreyer, Mr. Forbes and Mr. Noble. Mr. Clermont has intimated he wants to question a second time. Mr. Olson indicates he wants a second question period.

I am going to tell you that as far as the Chair is concerned we are not going to hear from the Board of Grain Commissioners tonight. If it is agreeable to the Committee we are going to change our program and meet again here tomorrow morning instead of going on the tour of the wheat board facilities and the grain exchange. I do not think there is very much to see in the way of wheat board facilities, only a lot of offices and efficient people working diligently, machines working, IBM and so on. But we should, I think, see the grain exchange while we are here. I am not going to limit the people who still have questions to ask because some of them have been waiting most patiently. But if it is agreeable to the Committee we will hear the Board of Grain Commissioners in the morning here.

Mr. Parker from the Manitoba pool is having some difficulty. We had asked him to appear tomorrow night after eight o'clock and he has requested that he appear before the Committee earlier in the day. Now, we do not know what is going to happen with regard to that. We are trying to arrange for him to change places with one of the groups that is going to appear before the Committee. If this is agreeable to the Committee we will meet here in the morning and we will continue with our line of questions for whatever time you feel is necessary. Is this agreed?

Mr. DANFORTH: What time in the morning?

The CHAIRMAN: The regular time. We were supposed to leave here tomorrow morning at 9.15 a.m. We will meet here at 9.15 a.m.

Mr. OLSON: Will the board be back at 9.15?

The CHAIRMAN: The Board of Grain Commissioners. I have not asked Mr. McNamara if the wheat board is available but perhaps they would be tomorrow night. If Mr. Parker cannot be here and cannot switch his arrangement with one of the other witnesses, we will have free time tomorrow night after eight o'clock, but this depends on switching.

Mr. OLSON: There will be no free time.

The CHAIRMAN: I doubt that there will be, but there may be because we have only the Manitoba Pool and Mr. Molgat for tomorrow night after eight o'clock, according to what we have here. If those two appear and we fit Mr. Parker of the Manitoba Pool in somehow during the day, we may end up with only one witness after eight o'clock and we could let Mr. McNamara and his officials know earlier in the day. But I think we should finish the line of questioning with the people who have intimated they want to ask questions at this time. Those who want to question a second time could take their chances of availability and time tomorrow night. Is it agreed?

Some hon. MEMBERS: Agreed.

Mr. McNAMARA: Our time is your time whenever you want us.

The CHAIRMAN: Mr. McNamara informs us that his time is our time and I want to make it known to the people in Winnipeg that committees are used to working these long days, so it does not make much difference to us. We are only worrying about an inconvenience to some of the witnesses here. It is not that we are worrying about ourselves.

Mr. TUCKER: In view of the lateness of the hour I am sure you will be glad to learn that most of my questions have been answered, but there are a few I would like to ask Mr. McNamara. First, I would like to know how our wheat exports compare in quality to those of other countries or our competitors; for instance, the United States and the Argentine? How does our quality stand up against our competitors?

Mr. McNAMARA: We produce and deliver the highest quality wheat in the world. It is true that in the United States a lot of wheat is produced just south of the border that is quite similar to ours. But, under their system of marketing, their domestic mills are free to buy the type of wheat they want for the grist and the result is that most of the quality wheat produced in the United States is consumed within the United States. I say most of it, not all. I wish it were all consumed there because the quantity that is not consumed competes very directly with us and at prices that are sometimes difficult for us to digest.

Mr. TUCKER: Mr. Chairman, Mr. McNamara has emphasized our good grades. Is he satisfied with the present system of inspection of our wheat?

Mr. McNAMARA: I would say, sir, that the greatest asset we have as a selling organization is the standard maintained by the Board of Grain Commissioners' inspection department on our export grain. Our quality is recognized all over the world and, in addition to quality, all the buyers I have come in contact with have complete faith in

the integrity of the Canadian grading system. It is a great advantage to us in our merchandising efforts.

Mr. TUCKER: It also guarantees we are working in Canada for that purpose.

Mr. McNAMARA: This is a responsibility of the Board of Grain Commissioners, but certainly I say without hesitation that the method of grading and controlling the movement of Canadian grain is second to none in the world and it is recognized by every country in the world.

Mr. TUCKER: I would like to ask Mr. McNamara whether the relationship between the wheat board and the Department of Trade and Commerce is favourable?

Mr. McNAMARA: We have been moving around a little bit the last few years and we are just back in Trade and Commerce. But, generally, the answer is yes. Once again, we find that the trade commissioners in the Department of Trade and Commerce services abroad are a very great help to us in the trade in merchandising wheat. We get co-operation from them. They act as our eyes in many foreign markets and they are a great advantage to us.

Mr. TUCKER: Mr. McNamara has emphasized that if further facilities are to be improved they should be in the west coast ports. I am interested in the east coast ports and I would like to ask Mr. McNamara whether he thinks the present facilities of our east coast ports are capable of taking care of shipments made from them in the conceivable future.

Mr. McNAMARA: When you speak of the east coast ports, are you including the St. Lawrence or are you just speaking of the Atlantic ports?

Mr. TUCKER: I am including all of them.

Mr. McNAMARA: Well, as you probably know, a large development is taking place in the St. Lawrence ports. One of the international houses—Dreyfus—already is constructing another big terminal. One of the other international firms—Bunge—it is rumoured, is going to build. A third international company is now giving consideration to additional facilities in the lower St. Lawrence. So, in so far as the St. Lawrence ports are concerned, I do not think there is any need for us to be concerned about the facilities that will be available to handle Canadian export grain and the volume of business we can develop out of that outlet. In so far as the Atlantic ports are concerned, the facilities are limited. But, of course, the demand from those ports is also limited, being confined mostly to the winter months.

But, in so far as the western producer is concerned, even at the east rates on which we move grain from the Georgian Bay by rail to the Atlantic ports, this is an expensive movement. It costs us about 6 cents a bushel more to put grain out of those ports than it does by moving it via the St. Lawrence ports on the all-water route. We save a portion of that, to a degree, because now we can move limited supplies to Halifax by water during the open navigation season. But, in a year like this when there are 36 million bushels being moved out of the Atlantic ports, there are only limited quantities we do not have to rail. My own feeling is that the demand for shipments out of the Atlantic ports is more likely to decline than increase, and it is only in times such as we have enjoyed in the last few years when we have had such a large volume of export business that it is worthwhile utilizing the Atlantic ports, sir.



Mr. TUCKER: Thank you, Mr. Chairman.

The CHAIRMAN: The patient Mr. Nowlan.

Mr. NOWLAN: Well, Mr. Chairman, my questions will be brief also. I would like to ask Mr. McNamara—this has been partly answered previously—about the facilities on the west coast. Certainly, some indication was given that it was not the facilities that were the limiting factor but other factors such as strikes, hours of work and the position of boxcars. I was just wondering with regard to that, has the board had in past, or does it intend in the future to have, any consultations with the authorities in any of the west coast ports with regard to the hours of work and type of employment, especially on basic, long-term contracts?

Mr. McNAMARA: Before we enter into long-term contracts of the magnitude, say, of the Chinese sale or the Russian sale, we do have consultation with the railways on their ability to provide enough transportation to enable us to complete those contracts. But, as I said before, we do not operate any facilities ourselves. We do not operate any elevators or terminal elevators and we do not have any direct control over the transportation medium except through co-ordinating and co-operating with them. So, I am beginning to feel I am becoming very conservative, if I may use that word, in my views, but—

Some hon. MEMBERS: Hear, hear!

The CHAIRMAN: I heard one of the members say he thought the whole operation of the prairies, as far as the old elevators, and so on were concerned, was rather conservative.

Mr. McNAMARA: I do not really know how I can answer your question, Mr. Nowlan. We consult people, we give the railways our transportation documents regularly. We keep everybody advised of our requirements. We meet with the terminal operators in Vancouver and other ports to indicate what we are trying to do. We solicit and secure their co-operation. But that is about as far as we have gone in this field.

Mr. NOWLAN: I was interested in that question because of what you said earlier this evening about expansion in the west coast ports. If you concentrate the expansion in the lower mainland area, are you not going to limit your options for these types of breakdowns in transportation communications, and that is why it is, perhaps nice to have options in the St. Lawrence Seaway, or the Atlantic ports or Prince Rupert?

Mr. McNAMARA: It is pretty hard to get an option between coasts because the ocean freight varies so much.

Mr. NOWLAN: I am going to come to the coast in a minute, but there is no intention, at the moment then, for the wheat board to try to enter into arrangements with the authorities in shipping ports, and primarily the west coast, for contracts such as the Peace River and Expo, in effect, no strike contracts?

Mr. McNAMARA: No, I do not think this is within the scope of the authority given to us under the act.

Mr. NOWLAN: As a matter of interest, when there is a strike, as there has been in Vancouver with longshoremen and then the foremen's strike, I would like to direct two questions to you in this connection if it is possible for you to answer. First, who is the cost of the strike directed to, or who pays for it, and how much has been involved in these strikes in the west coast ports in the last year?

Mr. McNAMARA: I anticipated there would be a question related to this demurrage and I prepared a short document. As soon as I find it, I would like to answer you, Mr. Nowlan. I think it deals with this matter in a fairly complete way and will answer your question.

Mr. NOWLAN: I must say, Mr. Chairman, while Mr. McNamara looks for that, since I was close to the mike I thought I was next on a point of order. I was quite prepared to reserve my questions until the wheat board appeared before the Committee in Ottawa with their annual report which is usually in February, is it not, or March, April or June?

Mr. McNAMARA: It was June last year.

Mr. NOWLAN: Well, since it is June and because your voice is starting to go and you have been on the stand for over three hours—

Mr. McNAMARA: I can fix the voice up shortly after I get out of here.

Mr. NOWLAN: I think we are all going to need that and it is going to be a form of wheat.

Mr. McNAMARA: I can read this if the Committee wishes or I can file it with you.

An hon. MEMBER: File it.

Mr. NOWLAN: As far as I am concerned it will be quite all right to file it. But it does indicate the cost and how much was involved last year?

The CHAIRMAN: Before we go any further, I think this should be printed as an appendix to our proceedings. Is it agreed?

Some hon. MEMBERS: Agreed.

Mr. McNAMARA: In dealing with your question of cost, this does not indicate what it has cost us because, as I said before, we are now dealing with the 1964-65 operation—not the last pool—and we have not filed our annual report. Most of the costs we have incurred in demurrage were incurred in the crop year for which our report has not been filed. But, at the time that report is being considered by the Committee, which I hope will be this spring or summer, we will be in a position to give details of the actual cost.

Mr. GUNDLOCK: You do, then, pay demurrage?

Mr. McNAMARA: Yes sir. When we default on a contract we are liable for demurrage.

Mr. NOWLAN: This is what I was going to ask. That cost, when it is finally calculated, actually goes back to the producer, does it not?

Mr. McNAMARA: That is right, sir. The only funds we have are producer funds and when we expend money it is for their account.

Mr. NOWLAN: The other topic I would like to question Mr. McNamara on is with regard to his mentioning the decline in the Atlantic ports and someone mentioning earlier the possibility of expanding markets. Certainly, in the DBS figures for the period 1960-65, there is a very noticeable decline in exports to western Europe and other western countries, particularly the traditional customers. In fact, there is almost a 25 per cent decline from 1960-65. I would like to ask Mr. McNamara the reason for this

decline and, perhaps answering my own question, whether it is because there has been so much concentration on the sales to China and the servicing of them, which have been tremendous, that there has been less interest in, and emphasis on trying to build up, the old traditional markets in Europe?

Mr. McNAMARA: There are two or three reasons for the decline in sales to our traditional markets. The first one is, as was mentioned before, the increased emphasis that has been given by the western European countries in the Common Market to self-sufficiency and their demonstrated ability to produce more wheat and food for their own requirements. We used to count on the western European markets, including the United Kingdom, for about 275 million bushels a year. There has been a marked decline in this. Part of this decline has been picked up by the United States and other competitors on a price basis. As I reported last June, in recent months we have noticed that our competitors have reduced their prices sharply. Now, one of the problems that has confronted us and which has caused us a lot of concern is that we have had to reach a decision on whether we are going to maintain traditional markets and sacrifice price that we can secure from other markets. It is just as simple as that. We have expanded our sales to new markets, and markets that some of our competitors are not prepared to compete in at the present time. We have been securing a higher price for producers than we could have secured if we had tried to meet all the competition we face in these markets from other supplies.

Mr. NOWLAN: So, as a result of the emphasis on new markets, the traditional markets have declined. At least, that has been one real factor.

Mr. McNAMARA: I would not say, the emphasis on the new markets. I think it has been our desire to secure the highest possible price, which has been possible in some of these new markets, to a greater extent than it has been in some of the traditional markets. But, I am not satisfied this is the whole answer. As you know, Mr. Nowlan, in the community they assess levies, and even though the prices are sharply reduced their levies would be going up. So, I believe these are dwindling markets for the future. The only reason we are able to maintain the amount of business we currently are doing is due to the quality wheat we are producing.

Mr. NOWLAN: Do you think that Africa is, perhaps, the next emerging continent that might be a large potential customer like China has been in the past three years?

Mr. McNAMARA: It is, but unfortunately for us the policy of our great neighbour to the south has been to finance the wheat shipments under their various PL480 plans and for this reason these people do not realize we want money for our wheat and that we have to have payments to live on. Our business has not developed in the African market to the extent the potential would indicate it can in the future.

Mr. SCHREYER: Mr. Chairman, I will forego all but two of my questions. I would like to make some comment with respect to the three year contracts that have been entered into between the board and mainland China. It is my impression, Mr. McNamara, that the commitments which the board has undertaken with respect to making volume available is a relatively rigid commitment; also, that the commitment is relatively rigid with respect to grades. What about price? Is there any degree of rigidity in that regard?

Mr. McNAMARA: First of all, the commitments are rigid with a tolerance, which is always allowed in contracts of this kind, with regard to quantity, but not for grades or



price. For example, when we entered into the long-term agreement with Russia last June, shortly after I had the pleasure of meeting you people, we entered into a commitment for three years to deliver 9 million tons. But, we only priced and determined grades on the quantity that would be shipped from August 1 until July 31—the full year—for three million tons. We took a wide grade option. We actually said to these people, and we say to the Chinese: When you are buying such a large block of Canadian wheat you will have to take delivery of what is produced on our prairies and that determines the grade pattern.

Now, with China we suffered two years ago, as you may remember, adverse harvest conditions and frost. We had a large supply of low grade wheat which they were interested in buying and we committed ourselves to that particular grade. But in recent negotiations with China which Mr. Lawrie has just concluded, the Chinese had to purchase and did purchase high grade wheat from us. Most of our deliveries to China will be No. 2 and No. 3 Northern wheat this year.

Mr. SCHREYER: I take it, then, that under the aegis of the master contract that runs to August of 1969, specific annual contracts are negotiated with respect to price. Is that the way it is done?

Mr. McNAMARA: Either annual or semi-annual; we have a say in that.

Mr. SCHREYER: Mr. Chairman, I have a series of questions but, as I said, I will forego them except that I would like Mr. McNamara's opinion—I suppose that is what I should call it—with respect to the function of the brokerage firms in the grain trade. I do not put this question with any ideological bias in mind, but really I am at a loss to understand the practical necessity for the intercession of the brokerage firm in cases of transactions between the board and a state trading agency purchasing for some buying country. I can understand the necessity, to some extent at least, for the brokerage firm's involvement in cases of transactions between the board and traditional customers, but what necessary role do they play with respect to transactions involving state trading agencies?

Mr. McNAMARA: First of all, let me just refer to their assistance to us in our traditional markets and in other markets of the world—the in and out markets. They are one of the most valuable sales media we have. These international firms—and I do not like to refer to them as brokers; they are not brokers—act as principals and agents for the board. The large percentage of the traditional market business is developed by these firms through their international connections. We could not begin to duplicate the facilities they have all over the world with their connections; the other commodities they are dealing with; their foreign exchange reserves and the transportation they own and control. So, I think we have been most fortunate to have worked out a system whereby we are getting the full co-operation from these firms, Canadian as well as the international houses, that are acting as our agents. I do not regard their role in this capacity as brokers at all. They are acting more as agents and principals under contract with us.

Now, when you come to the state trading sales as with Russia and China, who are buying their wheat on a f.o.b. basis, there is a certain element of competition between the companies for these and the customers like to deal with these agents. In so far as we are concerned, we could f.o.b. the grain but it would mean we would have to set up

quite expensive facilities at the ports. There is a lot of documentation required and it is more economical and more advantageous for us to utilize the services of these organizations who have their offices in Montreal and Vancouver to look after this documentation work.

Mr. SCHREYER: Mr. McNamara, certainly it may be more economical to utilize the services and knowledge of these firms, but one could only determine that to one's satisfaction if one could get some data or figures indicating what range of commission these firms make with respect to these transactions. Now, if you are not at liberty or not prepared to indicate in a general way just what magnitude of commission these firms receive, could you at least tell how we could get this?

Mr. McNAMARA: I can answer that very easily. They get no commission at all. We give them no allowance at all. We sell the grain in store or fob and the buyer pays for their services. It does not cost the western producer one cent under the system we have at the present time.

Mr. SCHREYER: It does not cost the producer a cent—

Mr. McNAMARA: We do not pay any commissions. The services of these agents or brokers are secured in their transaction by the buyer, over and above the price we sell the wheat in store to the buyer. So, we are getting the benefit of these services without any cost to the western producer.

Mr. OLSON: Does the buyer take this into account when placing an order with Canada as opposed to some other nation?

Mr. McNAMARA: Yes, and no. In the case of a contract with Russia, Russia is exporting and importing a lot of other goods. Many of these international houses are acting as their agents and you will find in some cases that the agent will take the contract from us and actually deliver it to the Russians with practically no margin at all, or even below our price because they are moving the same freight. It is their freight that is used in this two-way traffic and they are anxious to get the benefit of the goods which the Russians are shipping.

Mr. SCHREYER: Mr. Chairman, as I said, I will forego the rest of my questions.

Mr. NOBLE: Mr. Chairman, now that most aspects of wheat marketing have been exploited by previous questioners, to preface my question I would draw to Mr. McNamara's attention the fact that he has continued to stress the need for improvement in quality rather than an increase in quantity as an assurance of the success of the wheat trade for the future. I fully concur with this philosophy. The question is, can the wheat pool lay any claim to the improvement in the quality of our wheat? If so, can we continue to expect progressive improvement in our wheat quality, or am I wrong in this assumption and is the weather the big factor in this matter?

The CHAIRMAN: You said the wheat pool, Mr. Noble, do you mean the wheat board?

Mr. NOBLE: The wheat board. If I mentioned the wheat pool, I made a mistake.

Mr. McNAMARA: I do not think the wheat board can take any credit for the wonderful job our plant breeders and other people are doing in developing new varieties, except to the extent that I try to praise them for the work they are doing by telling them what a great asset they are to us by bringing out these varieties. But our

plant products people and the scientists who are working on cereal development have made some magnificent achievements that certainly have helped us. I am thinking of rust resistant wheats and new varieties that are being brought out with better milling and better yielding qualities. I think Canada is to the fore in this. Probably I should have referred this question to my colleague Mr. Lawrie because he is associated, I believe, with one of the committees that are doing work in this regard. Would you like to comment on this?

Mr. LAWRIE: Mr. Chairman, I think Mr. McNamara has covered the matter very well. We cannot take credit for improvement of varieties, but we do make it possible for producers to deliver grain in order that they can purchase improved seed. I do think we help in that instance. As a member of this advisory committee, I can say we do consider quality and, as I think most of you know, any new varieties that are licensed must be equal to Marquis. A new variety was introduced a year or two ago that appeared to be a very good wheat. It was quality, and I noticed the other day that the yield is better than some of the older varieties. So, progress is being made all the time towards achieving improved quality, yield and disease resistance of Canadian wheats.

The CHAIRMAN: Is it the desire of the Committee that we adjourn at this time until—

Some hon. MEMBERS: Agreed.

The CHAIRMAN: That is what I like; a nice committee, so agreeable. We want to thank Mr. McNamara.

Mr. OLSON: I want to do that but also I want to invite him back. Could we make some arrangement now that if the Board of Grain Commissioners are here for two hours, the wheat board could come back. Then they would not have to sit and wait.

The CHAIRMAN: We will make all the arrangements in trying to reschedule our program as early as we can in the morning. We will let Mr. McNamara and his colleagues know what time is going to be available for them so they will not have to sit here as we made the Board of Grain Commissioners sit tonight. I will try to plan our schedule so we know what we are going to do as soon possible in the morning.

The meeting is adjourned.



## APPENDIX "I"

## DEMURRAGE

FEBRUARY 9, 1967.

The question of demurrage is very involved. All of us in our every-day life are subject to penalties if we are unable to perform a contract. The Board also is subject to penalties under similar circumstances. Demurrage is a charge made by vessel owners if their vessels are delayed beyond a normal period of loading. The length of the normal period, the amount of the charge, and the question of who must pay it, are all matters of contract and vary considerably depending on the specific contract involved.

I would point out to you, for example, that just because a number of vessels are waiting to load grain does not necessarily mean that the Board is paying demurrage. In our contracts we have a clause that we can only be called for the wheat once a berth can be obtained for the vessel. If, therefore, all berths are already occupied by other vessels loading grain, there might be many vessels waiting without any demurrage responsibility on the Board. The contractual responsibility might be entirely different as between the owner and the charterer, but it is impossible to generalize on these matters.

If, however, we have entered into a contract to provide grain, and if the vessel owners can obtain a berth, and if we cannot provide the grain, then obviously we are in default and under these circumstances we must consider a demurrage claim. Each claim is examined, and often is then negotiated, on its individual merits and becomes a matter of very involved contractual law.

If the delays and the claim have arisen as a result of a strike, there are other aspects which must be considered. Most contracts have strike clauses which postpone the obligations of both sellers and buyers for the period of the strike. From the Board's point of view, the most serious problems normally arise not during the strike itself but in the weeks or months after the strike, when the back-log is still present and when the protection of a strike clause no longer applies.

There is sometimes a tendency to think that, if demurrage is being paid, someone is making money on it. This is not true. The vessel owner, from whom the original claim arises, is much more anxious to get his ship loaded and away than he is in collecting demurrage. The delay in loading his vessel at one port may involve him in consequent delays in other ports and possibly the loss of subsequent charters that he had already entered into. Delays resulting in demurrage, and the payment of demurrage, are therefore matters which make nobody happy and which have serious effects beyond their immediate impact.

Finally, there is one more thing I should say. Many people seem to think that loading delays and demurrage arise only because of strikes or because of shortage of box cars. This is not so. Such conditions can also arise from the large sales volume which we are enjoying these years. To enter into such large sales, and to utilize the physical handling facilities to their maximum, can obviously result in the risk of delays and consequent demurrage. The Board believes, however, that it is better to take on the sales and to take the risk. If it then turns out that demurrage must be paid, it is one of the costs of doing business and, in the overall, represents a small part of the total costs of operation.

HOUSE OF COMMONS  
First Session—Twenty-seventh Parliament  
1966-67

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STANDING COMMITTEE  
ON  
**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 31

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FRIDAY, FEBRUARY 10, 1967  
MORNING MEETING (*Winnipeg*)

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Respecting  
The Annual and Supplementary Reports of the  
CANADIAN WHEAT BOARD  
for the Crop Years 1962-63, 1963-64, 1964-65

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WITNESSES:

**From the Board of Grain Commissioners;** Mr. F. Hamilton, Chief Commissioner; Mr. W. J. MacLeod, Secretary; Mr. M. J. Conacher, Special Advisor, Grading; *From the Manitoba Pool Elevators;* Dr. W. J. Parker, President.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Chairman: Mr. Eugene Whelan

Vice-Chairman: Mr. Herman Laverdière

and

Mr. Asselin  
(*Richmond-Wolfe*),  
Mr. Beer,  
Mr. Berger,  
Mr. Cadieu  
(*Meadow Lake*),  
Mr. Choquette,  
Mr. Clermont,  
Mr. Comtois,  
Mr. Côté  
(*Nicolet-Yamaska*),  
Mr. Crossman,  
Mr. Danforth,  
Mr. Faulkner,  
Mr. Forbes,  
Mr. Gauthier,  
Mr. Gendron,  
Mr. Godin,

Mr. Grills,  
Mr. Gundlock,  
Mr. Honey,  
Mr. Hopkins,  
Mr. Horner (*Acadia*)  
Mr. Johnston,  
Mr. Jorgenson,  
Mr. Lefebvre,  
Mr. Madill,  
Mr. McKinley,  
Mr. Moore (*Wetaskiwin*),  
Mr. Muir (*Lisgar*),  
Mr. Neveu,  
Mr. Noble,  
Mr. Nowlan,  
Mr. Olson,  
Mr. Peters,

Mr. Pugh,  
Mr. Rapp,  
Mr. Ricard,  
Mr. Roxburgh,  
Mr. Schreyer,  
Mr. Stefanson,  
Mr. Stfanson,  
Mr. Tucker,  
Mr. Watson (*Assiniboia*),  
Mr. Watson (*Châteauguay*),  
*Huntington-Laprairie*),  
Mr. Yanakis—45

(Quorum 15)

Michael B. Kirby,  
Clerk of the Committee.



## MINUTES OF PROCEEDINGS

FRIDAY, February 10, 1967.

(42)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.25 o'clock a.m. in the Provencher Room of the Fort Garry Hotel, in the City of Winnipeg, the Province of Manitoba. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Cadieu (*Meadow Lake*), Clermont, Comtois, Côté (*Nicolet-Yamaska*), Crossman, Danforth, Forbes, Gauthier, Gendron, Godin, Grills, Gundlock, Hopkins, Horner (*Acadia*), Johnston, Jorgenson, Laverdière, Lefebvre, Madill, McKinley, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Nowlan, Olson, Peters, Rapp, Ricard, Schreyer, Stafford, Stefanson, Tucker, Watson (*Assiniboia*), Whelan (36).

*Also present:* Mr. S. J. Enns, M.P.

*In attendance:* From the Board of Grain Commissioners: Messrs. F. Hamilton, Chief Commissioner; W. J. MacLeod, Secretary; V. Martens, Assistant Secretary; E. E. Baxter, Chief Statistician; C. L. Shuttleworth, Commissioner; A. H. Wilson, General Manager, Canadian Government Elevator; M. J. Conacher, Special Advisor, Grading; A. V. Svoboda, Commissioner; C. Hammond, Assistant Chief Inspector; Drs. W. Meredith and I. Hlynka, of the Research Branch.

*From Manitoba Pool Elevators:* Dr. W. J. Parker, President; Mr. Harold B. Sneath, Vice President; Mr. George E. Franklin, Director.

The Chairman reminded those present that committees were portions of the House of Commons and that this was a regular meeting at which all the rules and procedures applicable in the House of Commons be followed.

The Committee resumed consideration of the Annual and Supplementary Reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64, 1964-65.

The Chairman called Mr. Hamilton. He introduced the officials who accompanied him and made a short statement.

Members of the Committee proceeded to question the witnesses.

Later, on motion of Mr. Peters, seconded by Mr. Moore (*Wetaskiwin*), it was

*Agreed*,—That the paper and maps on "The Grain Industry of Manitoba, Saskatchewan and Alberta", prepared by Barnett-McQueen Company Limited Engineers and Constructors, of Fort William, Ontario, be printed as an appendix to the Minutes of Proceedings and Evidence (*See Appendix I*).

Questioning continued, and later it was

*Agreed*,—That the officials of Board of Grain Commissioners be recalled at the 8.00 o'clock p.m. meeting, this day.

The Board of Grain Commissioners were excused and the officials of the Manitoba Wheat Pool were called. Dr. Parker was introduced by the Chairman and he, in turn, introduced his colleagues.

Dr. Parker then commented on the contents of the Manitoba Pool Elevators brief. It was

*Agreed*,—That the brief of the Manitoba Pool Elevators be printed as an appendix to the Minutes of Proceedings and Evidence (*See Appendix II*).

On motion of Mr. Muir (*Lisgar*), seconded by Mr. Horner (*Acadia*), it was

*Agreed*,—That no questions be asked of Dr. Parker and his colleagues.

There being no further questioning of the witnesses, the Chairman adjourned the meeting to 2.30 o'clock p.m. this day.

Michael B. Kirby,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

FRIDAY, February 10, 1967.

The CHAIRMAN: Gentlemen, I will call the meeting to order and we will proceed. There is a whole group who are on their way here. We are only lacking one or two to make up a quorum. If the committee is in agreement with this, I will ask Mr. Hamilton, the head of the Board of Grain Commissioners, to introduce the people he has with him and proceed from there.

Mr. F. F. HAMILTON (*Chief Commissioner, Board of Grain Commissioners*): Thank you, Mr. Chairman. Good morning, gentlemen. The people with us this morning are Mr. W. J. Macleod, Secretary of the Board; Mr. Vic Martens, Assistant Secretary; Mr. Earl Baxter, Chief Statistician; Mr. Shuttleworth, Commissioner; Mr. Al Wilson, General Manager, Canadian Government Elevators; Mr. Jim Conacher, Special Adviser to the Board; Mr. Svoboda, Commissioner on the Board; Mr. Hammond, Assistant Chief Grain Inspector; Dr. Meredith, Research Lab and Dr. Hlynka, Research Lab.

I do not have any prepared statement to make this morning. We are prepared to answer any questions the committee may wish to put to us. With your permission, Mr. Chairman, I would like to refer most of the questions this morning to our technical staff.

The CHAIRMAN: Fine. We will leave it up to you to direct the questions to whoever you think is the proper person to answer. We have two members who have intimated they want to ask questions. First of all, Mr. Clermont, then Mr. Forbes, Mr. Jorgenson and Mr. Olson.

Mr. CLERMONT: Yes, Mr. Chairman.

(Translation)

Mr. Hamilton, last year you received requests from elevator operators for an increase. Was this well received? Were they authorized to increase costs for handling, for storage, for loading, for delivery outside the elevator. What were the percentages of increases in each of these branches? And what studies were prepared by the Board to justify acceding to these requests?

(English)

Mr. HAMILTON: Mr. Chairman, I would like to say that the Board of Grain Commissioners establish the maximum tariffs that may be charged. The tariffs we set for country elevators are reviewed later on by the Canadian Wheat Board. The Canadian Wheat Board and the companies must come to an agreement and arrive at a handling agreement. Last year we authorized a maximum increase of one cent per bushel, but when the companies came to the Canadian Wheat Board they were unable to get the one cent. In the case of the terminals,



we authorized a further one cent and this was not subject to negotiation, so at the terminals there is an additional one cent charge this year.

(Translation)

Mr. CLERMONT: When do these increases come into effect, on what date do they come into effect?

(English)

Mr. HAMILTON: The terminal increase was effective January, 1967 and the country elevators' increase was August 1, 1966.

(Translation)

Mr. CLERMONT: Did the maintenance cost cover putting the wheat into the elevator, the storage in the elevator and unloading from the elevator?

(English)

Mr. HAMILTON: The maximum increase allowable was for handling. The storage charges remain the same.

(Translation)

Mr. CLERMONT: Coming into another field, Mr. Hamilton, yesterday, this Committee was able to visit your offices and I feel as you do that you are very short of space, I do hope that you will succeed in getting much bigger space to continue the excellent work you have under way and that you are conducting in the interests of those whom you serve. But I wonder whether in your present services you are conducting research into the improvement of the feed cereals that are sent either to British Columbia or to Eastern Canada. Are you conducting research into the new varieties of feed grains for Eastern Canada and British Columbia? You have developed two or three varieties of feed grains I believe. These are raised in the West—called "Rodney" or some such name.

(English)

Mr. HAMILTON: Mr. Chairman, we do not conduct research into the new varieties. We test the new varieties that come along from the plant products.

(Translation)

Mr. CLERMONT: Is there an agency that tries to create new types of wheat, barley, oats, or feed grains. Is it your Board that looks after this research or is your work limited to checking into new varieties.

(English)

Mr. HAMILTON: Mr. Chairman, the work on developing new varieties is conducted out at the university by the Department of Agriculture of Canada and by the university people and we work in close collaboration with them. We get a look at these new varieties and we pass judgment on whether we consider them to be suitable or not.

(Translation)

Mr. CLERMONT: Over the course of the last three years, have there been varieties of wheat developed but not recognized, not registered, because it was not considered suitable for milling. Could not wheat that was not suitable for milling and baking be used for feed grains?

(English)

Mr. HAMILTON: It is quite true that there are a good number of varieties of wheat that have been developed and have been turned down because they were not satisfactory to fit into our Canadian system. It is also true that they are now working on higher yielding varieties of wheat.

(Translation)

Mr. CLERMONT: And your agency, Mr. Hamilton, also checks into the quality of feed grains shipped to the East. Do you check that?

(English)

Mr. HAMILTON: Yes, sir, we do.

(Translation)

Mr. CLERMONT: Is your group responsible for the elevators and the harbour installations in the East as in the West? Are you satisfied with the elevators and storage facilities which are in Prescott, Ontario, in Montreal, in Quebec, at Baie Comeau and Three Rivers? And over the past three years, have there been additions made to harbour installations in the St. Lawrence?

(English)

Mr. HAMILTON: Mr. Chairman, I am going to ask Mr. Baxter, our Chief Statistician who licenses these elevators, to reply to this question.

Mr. Earl BAXTER (*Chief Statistician, Board of Grain Commissioners*): Mr. Chairman, this will depend on how far back the questioner wishes to go in that area. The most recent additions in the St. Lawrence area in this regard are the construction of the new elevator at Montreal, which is now elevator No. 4, a completely modern and most efficient elevator, and an addition at Sorel. The Baie Comeau elevator was constructed and began operations back in 1959. In addition to this, and currently in the project and development stages, are two further elevators being constructed at Port Cartier and Sept Iles, which will also be completely modern facilities, and there are several others in the planning stage.

(Translation)

Mr. CLERMONT: Are the Board of Grain Commissioners responsible for privately owned elevators? Do you examine and verify them? At Baie Comeau, are these Crown elevators or are they privately owned elevators?

(English)

Mr. HAMILTON: The elevator at Baie Comeau, Mr. Clermont, is owned by the Cargill Grain Company. It is licensed by this board and it is subject to all our rules and regulations.

(Translation)

Mr. CLERMONT: Do you propose in the future building elevators at Rivière-du-Loup? Are you going to build harbour installations at Rivière-du-Loup?

(English)

Mr. HAMILTON: Mr. Chairman, we do not build any of these elevators. It is up to the companies to decide on the site and then they submit the plans to us for approval. I cannot answer that question for you.

The CHAIRMAN: Mr. Forbes, we are still following the same procedure we followed last night. Did you have a question?

Mr. FORBES: Yes. I want to ask the board how they arrive at these standards for grades. Now, do you take these samples from the field of grain that is produced, say, in 1966 or 1965, or whatever the year happens to be, or do you make up a sample that you would accept as a standard for a grade?

Mr. HAMILTON: I will ask Mr. Hammond, our Assistant Chief Inspector, to answer that question.

Mr. C. HAMMOND (*Assistant Chief Grain Inspector, Board of Grain Commissioners*): Mr. Chairman, the standard samples are prepared from samples which are selected from the current crop, with the addition of a proportion of the previous year's standard to take care of that grain which would be carry-over. This is done on a percentage basis. Every fall we select samples of grain from the crops that are being harvested. It is from these samples that the standards are prepared.

Mr. FORBES: In other words, these samples are all prepared. It could be a mixture from a sample at Winnipeg, another sample at Portage la Prairie and one at Dauphin?

Mr. HAMMOND: That is true. We try to get a cross section of the western grain-producing areas into the standard sample.

Mr. FORBES: I was interested in the sample we were trying to grade yesterday. I thought I could observe two or three different varieties of grain in it. In fact, it looked to me as though some farmer had a number of fields, and he had probably threshed them all and dumped them in together. Certainly it was not all from one field of grain. So, I was just wondering whether this was a trick sample that you had, or do you actually put that sample out as a standard for No. 1 Northern?

Mr. HAMMOND: That was the No. 1 Northern standard you were looking at.

Mr. FORBES: All right. Then, do you prepare similar samples for all the grades of grain?

Mr. HAMMOND: Yes sir.

Mr. FORBES: How many grades of grain are there now for wheat?

Mr. HAMMOND: Just standards?

Mr. FORBES: Take a guess at it. Do you have 25, 30 or 40, or what do you have?

Mr. HAMMOND: About 20 standard samples.

Mr. FORBES: Are you giving consideration to reducing the number of grades?

Mr. HAMILTON: I think, Mr. Chairman, we will ask Mr. Conacher, our old chief inspector, to answer this question because he is presently chairing a committee that is looking into this very matter.

Mr. J. CONACHER (*Special Adviser to the Board of Grain Commissioners*): The Board of Grain Commissioners presently has a study under way of our own system. We know that we have the best system for grading grain, particularly



wheat, in the world, but in these times of rapid change in many areas the board decided that we should not be complacent and we should endeavour to keep abreast of changing requirements in the grain markets of the world. I had the honour of being selected to head this study, which is being conducted at present by a committee that is advisory to the board. This committee contains a good cross section of the people in the grain industry of Canada.

One of the main items of concern to the Board of Grain Commissioners is the extent to which the services of the board are serving the industry. It does seem possible that some relief could be given to the handlers of grain, from the country elevator system through to export positions, by reducing the number of grades. This is not something that can be done lightly because we must be sure we are going to satisfy the market places, but certainly this subject is receiving very careful examination at the moment. It is too soon to say what the results will be.

Mr. FORBES: Now then, I would like to enter a different area and ask you in what year were the inland terminals built at Moose Jaw and Saskatoon?

Mr. HAMILTON: I think it was 1914. Correct me if I am wrong, Mr. Wilson.

Mr. FORBES: Now, do those terminal elevators pay taxes to the municipalities in which they are situated?

Mr. HAMILTON: Yes, they do. We pay a grant in lieu of taxes.

Mr. FORBES: I would think the one at Moose Jaw, for example, would show a deficit each year on its operations because you would not make sufficient money out of it to pay the taxes?

Mr. HAMILTON: I am going to ask Mr. Wilson, the general manager, to answer this question.

Mr. A. WILSON (*General Manager, Canadian Government Elevators, Board of Grain Commissioners*): Mr. Chairman, the specific question is with regard to the deficit at the Moose Jaw terminal?

Mr. FORBES: Yes.

Mr. WILSON: It is true that in the past few years we have been confronted with a deficit, but over-all this is not the case. As a matter of fact, through the operation of that elevator we have had an accumulated surplus of some \$4 million from the commencement of operations in 1940 to date. In the last few years, for the reasons mentioned by Mr. McNamara last night, we have had a deficit, but over-all we have had a surplus at Moose Jaw of \$4 million over the years.

Mr. FORBES: Now, one of your responsibilities is the licensing of elevators. Have you ever refused to license an elevator at any shipping point?

Mr. HAMILTON: Mr. Baxter, would you answer that question?

Mr. BAXTER: That is very difficult to answer, Mr. Chairman. I am not familiar enough with the complete history of the board's operations to know whether we have ever refused a licence. The conditions for licensing a country elevator are broad enough that most structures can qualify for this, providing they are on trackage and have the normal equipment necessary to elevate and

store the grain. From time to time, depending upon changes in those conditions, the board will see fit to cancel the licence of an elevator. Perhaps that is the approach with which you are concerned?

Mr. FORBES: My question was prompted by a brief that was presented by the farmers union to the committee in Regina. Their brief stated, in effect, that when the elevators made an application for an increase in the handling charges it was because of the fact that at various points where there were three, four or five elevators they were not getting a sufficient turnover to actually make it pay, and they felt that if one or two elevators were licensed there to handle the grain they could then make it pay at the present rates. Now then, this is the point. If you were applying for a truck licence to transport goods all over the province, the first thing you would have to do is obtain a licence. If in the opinion of the board there was sufficient service there already, you would not be granted a licence. Now, this is the angle. Would you consider this a matter of policy, rather than licensing all elevators and allowing them to increase the price?

Mr. HAMILTON: Mr. Forbes, they apply to us for a licence and my feeling on this is that as long as they can meet the requirements we will grant the licence. To be quite honest, I am sick and tired of the elevator companies just sitting and waiting for someone to push them into this program. They will never make a real move until someone pushes them in. I do not feel that it is our responsibility to start in on this thing. We certainly have held up licences. Just last week we held up the licence of a mill elevator in Vancouver until it met with our requirements. But to start selecting which elevator in the country should be licensed and which should not is a pretty hairy proposition, I would think.

Mr. FORBES: You are not giving any consideration to the need for the service in the trade or the community?

Mr. HAMILTON: We have never considered this part.

Mr. FORBES: I have one more question. Reference was made at the Wheat Board meeting last night to the terminal facilities at the port of Churchill. In the event that we could get the National Harbours Board, or whoever would construct an elevator there on behalf of the government, to do it, would you license another terminal elevator at that point?

Mr. HAMILTON: I certainly would.

Mr. FORBES: Have you received any indication throughout the last few years that there should be more terminal facilities at Churchill in order to accommodate the exports that could be shipped from there?

Mr. HAMILTON: No, Mr. Forbes. It is our understanding that the 20 million bushels they get out of Churchill is about the maximum that can be serviced through that port.

Mr. FORBES: All right, thank you. I guess I will have to reserve my other questions.

The CHAIRMAN: Mr. Shuttleworth wishes to make a comment on something.

Mr. C. L. SHUTTLEWORTH (*Commissioner, Board of Grain Commissioners*): Mr. Chairman, I think it would be well to point out that under the Canada Grain

Act we have no authority to refuse a licence if the elevator meets the physical requirements of the act. Our authority does not go beyond that.

Mr. FORBES: My point, in view of the suggestions made by the Saskatchewan Farmers' Union, was that by giving you this authority here is a policy we might very well adopt if we want to maintain a fairly reasonable rate of grain handling.

Mr. SHUTTLEWORTH: If the legislators agreed that was a sound policy.

Mr. FORBES: Thank you.

Mr. JORGENSEN: Mr. Chairman, I would like to pursue this question of grades with Mr. Hamilton that was initiated by Mr. Forbes. It is my understanding that you said there were about 20 standard grades?

Mr. HAMILTON: Yes, that was the answer given.

Mr. JORGENSEN: How many grades are there in fact? How many grades did the Canadian Wheat Board pay the farmers for during the last crop year?

Mr. HAMILTON: I would take a guess at around 500 grades of wheat.

Mr. JORGENSEN: Five hundred grades of wheat. It would seem to me that there would most certainly be every good reason for investigation. I noticed from your report in 1965 that Mr. Conacher has been appointed to study the matter of grades and to submit a recommendation. Now, that was in 1965. Has Mr. Conacher as yet submitted a report on this question of grading?

Mr. HAMILTON: Mr. Conacher and his committee have just submitted an interim report at this stage, Mr. Jorgenson. Their work is not yet complete, but it is the hope of the board that they will be able to get rid of, say, a couple of hundred of these off-grades that clutter up the terminal right now.

Mr. JORGENSEN: I wonder if you could tell the committee just what some of those grades are that you feel could be eliminated?

Mr. HAMILTON: I will ask Mr. Conacher to answer that question.

Mr. CONACHER: My first comment in this regard is that we cannot get rid of grades lightly because generally our grades are quite meaningful. In direct answer to the question, we have grades such as rejected No. 2 Manitoba Northern on account of sprouting; the same on account of admixture; the same on account of stones; the same on account of adhered foreign material, which could be soil; the same on account of, say, fertilizer pellets. You could add toughs and damp and still have a basic grade of No. 2 Northern and thus multiply all of these off-grades. If you add the whole range of grades of wheat and multiply them in the same way you will see that we have a large number of potential grades. Now, these off-grades, which number in the hundreds, account for something just over one and one half per cent of the volume of our wheat, but you must consider that these are very useful grades. A Canadian miller, for example, might be in the market for rejected No. 2 Northern on account of barley admixture, whereas he may not want rejected No. 2 Northern for another reason. So, these grades serve the market place well, and they have done so.

Now, with the exception of one or two particular types of off-grades, such as rejected mixed feeder grades, many of these are combined to make up shipments



of feed grains to eastern Canada or export shipments. We have had as many as 20 grades go together in one hold. The solution might therefore be to combine some of these grades at an earlier stage and try to put a name on them that would be descriptive of the quality.

Mr. JORGENSEN: You said that these odd grades amounted to a little better than one per cent of the total volume of sales. I wonder if you could give us some idea of the extra cost involved in administering these grades? I am trying to find out if it is worth while to have all these extra grades. Are the benefits which you describe from having these grades offset by the extra cost of administration, writing cheques, and so on?

Mr. CONACHER: The grades have been so useful that they would justify a considerable cost in accounting but I would not know the extent to which this is true.

Mr. JORGENSEN: Are you going to take this factor into consideration?

Mr. CONACHER: The sensible conclusion is that the cost runs in another direction. It is the expense of keeping—in terms of storage space that is occupied by small quantities of grain in terminal elevators—these separate, not the documentation.

Mr. JORGENSEN: Those are all the questions I have on that subject. There is one more question I would like to ask Mr. Hamilton.

Mr. HAMILTON: We can ask Mr. Baxter to comment on the cost of this, Mr. Jorgenson. I think he has a figure.

Mr. BAXTER: Mr. Chairman, this feature will very definitely be studied as part of our committee work. It encompasses the area of documentation, as Mr. Jorgenson suggested, which is quite considerable in proportion to the value of the items involved. It also encompasses the cost of segregating these grades, maintaining them in partial occupancy of a full bin at an elevator, there are separate operations in the whole handling process, and even—in the delivery to the terminal—coming forward from the country elevator in bulkheading or partitioning the car. These costs will definitely be looked at, but offsetting them—as Mr. Conacher suggested—will be the value of being able to have these particular off-grade characteristics identified prior to and as part of the operation of blending them together in the composite package of 20 different grades going into one lot. This facet of the problem of grades will definitely be looked at and it is in this regard, as Mr. Conacher mentioned that the composition of our committee is such that it includes the practical elevator men and it is here that their advice and guidance, will be most valuable.

Mr. JORGENSEN: Surely to a certain extent it is possible to remove some of the foreign matter such as stones, and combine them with other grades to eliminate a good many of the current grades?

Mr. CONACHER: Mr. Chairman, we have special elevators for doing this sort of thing. The standards of cleanliness that we have imposed on our elevator system are such that they are able to do cleaning operations that are virtually impossible by terminals in other parts of the world. Given reasonable fees for the work they do and shrinkage allowances for the clean-out, generally speaking

these terminals do an excellent job of cleaning up and promoting certain off-grades. This cannot be done in the case of, say, heated wheat. It has to be kept separately and is usually sold separately.

Mr. HAMILTON: I would like to add that literally hundreds of grades disappear in the terminals as the terminals condition and process the grain on its arrival.

Mr. JORGENSEN: I would like to deal with one other point, Mr. Chairman. You mentioned earlier that part of your responsibility is the inspection and approval of plans for terminal elevator construction. As you know, we toured the terminal elevator facilities in Vancouver. The terminal elevator being built by the Saskatchewan Wheat Pool is currently under construction. In conversations and discussions with some of the people who will be responsible for grain movement, I was informed that they are already making one big mistake at that Saskatchewan Pool elevator by having only two loading belts out to the berth rather than four. They say this is going to seriously impede that elevator's ability to move grain. Now, if that is the case, how could you approve plans for an elevator of that nature knowing full well it is not going to be able to operate at peak efficiency?

Mr. HAMILTON: Mr. Chairman, in answer to this question, I would think it is generally well known that this will be a limitation at that particular elevator, but our responsibility in the Board of Grain Commissioners is to ensure that there will be proper inspection and weighing facilities. Beyond that we really do not become too involved in such things as additional belts and marine legs. This is management's responsibility.

Mr. JORGENSEN: As the board is very intimately involved with the movement of grain and very much concerned about how the grain gets to the ultimate customer, surely the board could have taken it upon themselves to at least suggest to the Sask Pool that their facility had a built-in deficiency?

Mr. HAMILTON: Mr. Jorgenson, on this Sask Pool elevator at the west coast, as far as I am concerned unless the Board of Grain Commissioners had given this additional one cent increase the elevator would never have been built at all. The cost of that project has skyrocketed up to somewhere around \$21 or \$22 million now, and for us to have suggested to management that they consider additional expense might have just killed the whole thing.

Mr. JORGENSEN: Well, I will not pursue that, Mr. Chairman. Those are all the questions I have. Thank you very much.

Mr. OLSON: Mr. Hamilton, do you check the grades given by the elevator agents to the farmers for small quantities of grain when there is no protest or direct reference made to your inspection service to establish a grade in the first instance?

Mr. HAMILTON: Mr. Chairman, we try to stay out of the business at the country elevator as much as possible. This is a deal between the buyer and the seller. The grades are unofficial. We do not check on this except that approximately once every year or two the country elevators are audited or weighed over. If we feel they are out of line in weights or grades, this is when we call

management before us, because we get a look at their grade gain and loss statement and the overage or shortage on weights.

Mr. OLSON: It would not be for two years or so that you could check a particular country elevator agent to find out whether or not he is giving grades that are consistently lower than the standards that you set out?

Mr. HAMILTON: Our assistant commissioners—there are two in the province of Saskatchewan, one in Alberta and one in Manitoba—are continually on the road. They check these elevators at least once every two years, and I can assure you that the farmers do not hesitate to write us if they feel they are not getting a fair break at the country elevator. Immediately we receive a letter from a farmer, the assistant commissioner goes out and investigates. We think this is under control generally.

Mr. OLSON: Who receives the benefit in the event that a reasonably large quantity of grain goes out at a higher grade than it came in to the country elevator?

Mr. HAMILTON: It would be to the credit of that particular country elevator company?

Mr. OLSON: Is there no practical way of checking this a little more closely to find out whether or not there are some of these unofficial grades? Once the farmer has settled for it he has no recourse to receiving a higher grade, has he?

Mr. HAMILTON: That is right. The safeguard is that if he is not satisfied with the grade the agent wants to place on it, he can then have a sample sent for inspection.

Mr. OLSON: Oh, I know that. Do you require these country elevator agents to take any kind of a test to see if they are grading properly or not?

Mr. HAMILTON: No, sir, we do not.

Mr. OLSON: Mr. Chairman, just one other question. What about the suggestion that comes up from time to time about buying all these grains by the hundredweight rather than by the bushel? Is there any progress being made in this direction, or is it a progressive step in your opinion?

Mr. HAMILTON: I will ask Mr. Baxter to answer this question, Mr. Chairman.

Mr. BAXTER: Mr. Chairman, the "bushels to hundredweight" movement gathered considered strength back in 1957 and 1958. There was a hope at that time that the change might be made within the grain trade. However, the considered opinion then was that it would be unwise for the Canadian system to change unless the same change took place in the United States. A similar movement was taking place there at that time. Unfortunately it came to a rather disastrous conclusion and the matter was dropped. I have kept in touch with the various parties in Canada interested in this, such as the National Research Council, and so on. The Department of Industry is also interested in this project as part of the proposed or hoped for progressive change of the entire system of weights and measures in Canada to the metric system. It now seems to be a question of how close we are to this latter change. If this is still far in the future, then perhaps it might be advisable for the grain trade to again consider the transfer over to the hundredweight. At the time of the study in 1957 it was my opinion



that the continuation of the bushel system, as compared to the hundredweight, costs us considerably, particularly in the area of documentation. This has been offset in part by the considerable facility of modern computers to do these calculations. But notwithstanding this, even in computer time it still costs the companies money to do these repeated conversions from pounds to bushels and back and forth.

Mr. OLSON: What about paying a price differential on protein content? Is this making any progress or is it a useful suggestion?

Mr. HAMILTON: Mr. Chairman, this is a suggestion which keeps coming up from time to time, but we really cannot see any merit in it for our Canadian system.

Mr. OLSON: Is not the protein content of the wheat one of the major factors in the quality and the saleability of this wheat?

Mr. HAMILTON: That is quite true. This is a very important point. As you are well aware, our system of inspection in Canada is done on a visual basis. You look at it and put a grade on it. We think that if you start taking into account these various factors, such as protein, you immediately take it out of the producers' hands to judge the grade of his grain. It then becomes a scientific matter.

Mr. OLSON: Is the analysis to find out the protein content one of the reasons that make it difficult to set up a price differential on protein?

Mr. HAMILTON: Yes, it is a comparatively difficult test.

Mr. OLSON: In the United States they pay a differential on protein content. Do they have testing stations all over the place so that they can they get a protein test quickly?

Mr. HAMILTON: They do protein tests there, but in Canada our grain is all sufficiently high in protein that it is not a problem.

Mr. OLSON: I just have one other question, Mr. Chairman, related to the other matter I raised. You take a sample of every carload that is shipped. Is this not correct?

Mr. HAMILTON: We take a sample of every car that is unloaded at every mill and terminal in Canada.

Mr. OLSON: Yes, you know where that carload comes from. Now, do you take the records of the carloads that are shipped from any specific point in so far as the total grades coming out of that elevator are concerned and check them against the records of the grades on which the total input into that elevator was taken on the incoming grade, the unofficial grade?

Mr. HAMILTON: Yes, we get an opportunity to check the grade gain or grade loss of any elevator in Canada.

Mr. OLSON: If you find an elevator where there is a wide difference between the incoming unofficial grade and your official grade, what do you do about it?

Mr. HAMILTON: Well, we call these people before the board if we feel there is a serious infraction.

Mr. OLSON: The elevator agent?

Mr. HAMILTON: Yes. Usually it is the elevator agent, his superintendent and a senior official of the company. If we feel there is an infraction regarding either weights or grades, the man's job is right on the line. We refuse to licence the elevator if that man continues as an operator.

Mr. OLSON: Thank you, Mr. Chairman.

Mr. HORNER (*Acadia*): I want to deal with three different areas. First of all with regard to grading, you suggested earlier there were 500 different types of grades actually in use last year and that the Board of Grain Commissioners have made a study to see whether or not a new system could be devised. Do you believe that a new system of grading could be devised that to some degree would be hinged on the protein content?

Mr. HAMILTON: I think, Mr. Chairman, the answer is that at present we do not think protein content should be taken into consideration.

Mr. HORNER (*Acadia*): I noticed yesterday in going through the labs that the amino acids and the enzyme content fluctuated in direct relationship to the protein content, and I thought to quite a large extent the loaves of bread that were shown to us corresponded relatively closely to the protein content of the wheat the bread was baked from. Why would the protein aspect not be considered in a grading system?

Mr. HAMILTON: I would like Dr. Hlynka to answer this question, Mr. Chairman.

Dr. I. HLYNKA (*Research, Lab, Board of Grain Commissioners*): Mr. Chairman, it is a question to some extent of what people prefer. One of the things people seem to prefer—the buyers and the sellers—is uniformity in the performance of Canadian wheat. They would rather have that than the opportunity of selecting a higher protein content, because that would cost more money. It is simply a question between these two. The buyers have not expressed the opinion to us that they are willing to pay more for higher protein content, but they do prefer uniformity that they can depend on through the year.

One more thing about the American system is that they use a sample basis. Their market is geared to the large domestic market. Our domestic market is relatively small and our system is geared to the export market.

Mr. HORNER (*Acadia*): Well, doctor, I appreciated your position. You are concerned about the buyer. My concern, with regard to grading, has been from the other end, I am concerned about the seller. Many, many times farmers complain generally that in every crop year you set out what shall be graded No. 1, what shall be graded No. 2 and what shall be graded No. 3. In almost every crop year you set out a kind of standard of grades for wheat for that crop year. The farmers complain and say, "We should have something that we can nail down in our grading system". If wheat, for example, tested 15 per cent protein, then this should qualify it to grade at least No. 2 or No. 1, or something. I am not saying the grading system should be hinged directly on the protein content, but could it not hinge relatively on the protein content?

Mr. HLYNKA: It does hinge relatively on the protein content in this way, that all our approved and licenced varieties are ruled and found by our laboratory to

be equal in milling and baking properties to a standard Marquis. Now, this is according to the Canada Grain Act. Anything that comes up to this standard—like the new variety, Manitou, or the old variety, Thatcher—is fully equal to Marquis and has a certain minimum protein quality, as well as quantity, and in that way we can relatively assure ourselves that we have a certain protein content and quality in our wheat varieties.

Mr. HORNER (*Acadia*): Yes, but supposing, for example, you devise a new system of grading. Many, many areas in western Canada produce—and I am sure you have maps that would prove this—year after year high protein wheat, while other areas produce low protein wheat. It may all be graded No. 2 or No. 3 and the farmers may get the same amount of money, but actually the farmers growing the wheat in the high protein areas are producing a better product and should be getting more for it. There is some relationship in any case. Do you follow my remarks?

Mr. HLYNKA: Yes. Actually, this has been answered by Mr. Hamilton by the fact that this has been considered a number of times and the decision is that at the present time we do not feel that we want to introduce a grading system based on protein content. That is the general feeling.

Mr. HORNER (*Acadia*): Thank you, doctor. I would like to ask another question of Mr. Hamilton with regard to elevator space on the St. Lawrence Seaway. It was stated in a newspaper article recently that some 30 more elevators would be built on the seaway. Now, I expected them to be built on the outer end of the seaway, which would be similar to the elevator at Baie Comeau. Are these going to be American elevators, like the Baie Comeau elevator, or do you know anything about that?

Mr. HAMILTON: There will be some big international companies involved, such as Dreyfus and Bunge, and we hope there will be some Canadian companies. As far we know right now, there is only one Canadian company actively involved.

Mr. HORNER (*Acadia*): Far be it from me to suggest that the government should build them, but do you think the federal government should build them? This is the point that struck me. There is a demand or a need for more elevators out there. Surely we in Canada are going to export wheat for a good many years to come. If international companies feel they should move into that field, do you not think the Canadian government should build its own rather than let the Americans continue—and I have every bit of respect and love for the Americans—and why should we continue to store our grain in American elevators such as the one at Baie Comeau? Why should the federal government not build a large elevator there as well?

Mr. HAMILTON: I am going to ask Mr. Baxter to answer that. As you are well aware, the only publicly-owned elevators down in the St. Lawrence are the ones owned and operated by the National Harbours Board. As you are also well aware, they now have their elevator in Quebec up for sale. The trend seems to be for the government to get out of this business. May be Mr. Baxter would care to add something to this.

Mr. BAXTER: Mr. Chairman, perhaps the most significant feature or force prompting the American firms—they are not necessarily American, they are the



international commodity trading firms, such as Bunge and Dreyfus, which are not essentially American in this sense—is in the combination of their whole operations. I would also mention Cargill and Continental Grain, these two being American oriented companies. These firms bring in more or less their whole system of inland elevators, lake fleets and ocean fleets, plus their international selling operation, and they are interested in these particular locations initially, would suggest, from the point of view of servicing the transfer forwarding of U.S. grain. As you are probably aware, following the opening of the Seaway a very substantial movement of U.S. grain started to flow through the St. Lawrence system. The most economical operation—and this still applies—is to move it from the head of the lakes from either Chicago or Duluth-Superior by lake vessel to a seaboard position and then transfer it to an ocean carrier. The most logical position for the seaboard elevator is on the lower St. Lawrence and they therefore are interested in building or acquiring these elevators at this position in order to facilitate this movement, which in the past several years has ranged between 90 and 120 or 130 million bushels. They anticipate this movement will expand far beyond this. The great opening of the European market for U.S. soybeans and corn has prompted this hope or anticipation of the expanded movement. Now, as far as the Canadian system is concerned, by virtue of the requirement that these elevators must provide space in a certain proportion for Canadian grain, these facilities become available for the movement of Canadian grain. Consequently, I would suggest that in view of the very considerable expansion in facilities on the St. Lawrence, and also in view of the indication given by Mr. McNamara last night that they anticipate the Canadian export market will be oriented toward the Far East rather than Europe, that the Canadian-owned facilities on the St. Lawrence are quite adequate for our own particular needs.

Mr. HORNER (*Acadia*): The point I am trying to make is that in Canada there is a great deal of concern over Canadian ownership and Canadians being able to direct and influence the economy of their own country. Wheat export and grain exports generally make up about 14 per cent of our total exports. It is a huge amount. The government is directly involved. Now, why should we allow the great expansion of elevator storage capacity at and on the lakehead and on the seaway by international companies? You suggested, Mr. Hamilton, that we are going to sell the elevator at Quebec. Is this the right direction in which Canadians should be moving? Canadians today are concerned about Canadian ownership in investments in industry and investments in the banking field. Canadians have a very big investment in the wheat marketing system. Should we sell out our elevator in Quebec? Should we allow the building of international elevators on the seaway? Is this the right step? Are we being thorough in our desire to see Canadians control the economy? Surely the Canadian government should be building at least one out of the new 30 elevators on the seaway in order to keep the door open so that no international company can some time or another, through some manipulation for financial gain for itself—and this is the way they operate—create a bottleneck through which our grain would have to move. I would like to know why the Canadian government has decided to sell their elevator at Quebec. What is the purpose of this? Is there any continuity in the thinking of Canadian ownership when they allow this to happen?

Mr. HAMILTON: Mr. Chairman, I do not think I can satisfy Mr. Horner. The elevator at Quebec may never be sold but it is presently up for sale.

Mr. HORNER (*Acadia*): It may never be sold, did you say?

Mr. HAMILTON: Well, it may never be sold. We can attach almost any condition to the licensing of these terminals, and presently they are allowed 40 per cent of their new construction space unrestricted. They can use this for whatever they want. Sixty per cent of the space must be reserved for Canadian grain.

Mr. HORNER (*Acadia*): I realize, Mr. Hamilton, that we can make the conditions, but last year—I am going to use this as an example but not in a derogatory sense against the unions—we western farmers saw 200 men at the port of Vancouver more or less create a bottleneck and stop 4,000 men from working. Now, we can place conditions on these elevators but if we are not careful can they not, through their attitude—their attitude may be fine today but is there any guarantee it is going to be the same tomorrow—more or less waive our conditions and create a bottleneck? I encourage international companies to make investments and to facilitate the movement of our grain. I would also say that the Canadian government should actively safeguard an outlet for Canadian grain in this movement and I would certainly like to think that the elevator at Quebec will not be sold and that it will be utilized to nearly 100 per cent of its capacity.

Mr. HAMILTON: All I can say, Mr. Chairman, is that we have never had any problem with these international companies and we do not anticipate any. I would like to say that the 60-40 arrangement was not set by the Board of Grain Commissioners. This proportion was established by the government of Canada.

Mr. HORNER (*Acadia*): I realize that and, as I say, I have no objection to them moving into the field as long as the Canadian government, through their own operations, keeps that door open so that some grain can move. In other words, we are not wholly dependent upon a favourable attitude by international companies for the movement of our grain through the St. Lawrence Seaway.

Mr. HAMILTON: Mr. Chairman, I think I can allay your fears. There is really no problem there, Mr. Horner, as we see it.

Mr. HORNER (*Acadia*): Ten years ago grain was moving in something like a 20-ton ocean liner. That was a large shipment of grain. Today we see grain moving in 50-ton liners. Perhaps tomorrow it will be moving in 60-ton and 70-ton ocean liners. Most of these 60 and 70-ton ocean liners have to be loaded up at what one might call deep water ports, such as the one at Baie Comeau. In the years ahead I think this is the manner in which grain is going to move. It is going to move in huge tonnages by freight haulers. So I think we should protect ourselves.

Mr. HAMILTON: It is quite true the depth of water is the big attraction to these new sites on the lower St. Lawrence. Montreal is running just a little bit short of water.

Mr. HORNER (*Acadia*): One further question on another subject, Mr. Chairman. With regard to the Vancouver port, Mr. Hamilton, you police—and I

use the word politely—the movement of grain through that port. Would you say that the railway facilities into and out of the Vancouver port—the Burrard Inlet, which we visited not too long ago on this trip—are adequate?

Mr. HAMILTON: We think there are lots of problems in the port of Vancouver that will have to be overcome in the next few years.

Mr. HORNER (*Acadia*): All right. I have one further question. Is the National Harbours Board moving positively with an over-all plan to solve these problems in the next few years?

Mr. HAMILTON: Mr. Chairman, the answer I would have to give is that so far as I am concerned no one organization is trying to co-ordinate the whole Vancouver situation.

Mr. HORNER (*Acadia*): This is exactly the way I thought it was, too. This is a very discouraging thing to see, because surely in order to eventually establish Vancouver as a major grain export port someone should take it upon themselves to establish an over-all plan so that the building of elevators and the allotment of space around the inlet is done with some ultimate object in view. I found on a quick glimpse at the port that my fears were confirmed. There seemed to be no master plan that anybody was following. It was a helter-skelter deal, each company for themselves, and perhaps the loser in the end would be the producer, which has been the case in the last couple of years. We have seen bottlenecks out there where there was difficulty in getting the grain into the boats. I can think of one case where there was one boat tied up there for 28 days trying to get a load of grain. In a sense, from a producer's point of view, this is a shameful thing and this bottleneck should not exist. I think the National Harbours Board should outline a plan for that harbour and work toward acquiring land and building according to plan so that these bottlenecks can be ironed out.

Mr. HAMILTON: I think, Mr. Chairman, there is no question about it, the National Harbours Board are taking a look at it and preparing plans. I am sure the railways, both CN and CP, are preparing plans. The Board of Grain Commissioners are looking at it, but there is no one way that I know of yet whereby the whole thing can be tied together. There should be some sort of a committee set up to co-ordinate this whole effort that has to be made out there.

Mr. HORNER (*Acadia*): I am glad you stated that, Mr. Hamilton. Perhaps this could be one recommendation this committee could bring out of this trip. Now, one further question. I did not get your answer as to why the federal government had up for sale—you said you did not think it would be sold—its elevator in Quebec. Why is this? Is it not paying its way? Are the harbour facilities not deep enough, or what is the reason?

Mr. HAMILTON: Mr. Chairman, I just cannot answer this question.

Mr. HORNER (*Acadia*): Is it a policy decision? Is it a physical reason? In other words, is it not feasible to operate?

Mr. HAMILTON: As far as we are concerned this has been our most successful elevator, but obviously the National Harbours Board must have decided for some reason or other to put the elevator up for sale.



Mr. HORNER (*Acadia*): Just from a prairie farmer's point of view, I think the National Harbours Board needs overhauling. I am through with my questioning, Mr. Chairman.

(Translation)

The VICE-CHAIRMAN: Mr. Lefebvre.

(English)

Mr. LEFEBVRE: Mr. Hamilton, I believe your board has recently authorized an increase in the charges for cleaning, screening and also loading charges for boats not equipped for bulk loading. I understand this was violently opposed by the National Farmers Union. Among the reasons given by them for this was that the increase in revenues will more than offset the increased cost. In this connection I would like to quote from an article.

(Translation)

In "*La Terre de chez nous*" for August 10, 1966, and it stated: "*Other valid arguments brought up by the NFU*". The Board of Grain Commissioners has no detailed information on the present financial statements of companies operating grain elevators. Consequently, the directors of this commission are quite incapable of deciding on the advisability of raising handling costs, and the NFU concluded no change should be authorised in rates.

(English)

Would you comment on this, please?

Mr. HAMILTON: Mr. Chairman, I should like to say that so far as I am concerned that statement by the NFU is just a lot of hogwash. I am going to ask Mr. Baxter, who collects the statistics and has the figures for us, to answer that.

Mr. BAXTER: This, I will admit, is a controversial point. This statement was perhaps prompted by an earlier remark of Commissioner Shuttleworth at the tariff meeting, when he indicated that this was a very difficult area involving a wide range of information that must be collected. Now you get into an area of discussion that is perhaps not pertinent to today's issue when you start discussing the basis on which tariffs shall be established. But, in so far as the decision of the board to grant the recent increase in maximum was concerned, we did have very conclusive evidence in the form of cost information from the grain companies clearly establishing that their costs in the periods relative to the last increase had risen to the point where the previous tariffs were inadequate and this increase was absolutely essential in order for them to continue an efficient operation.

Mr. LEFEBVRE: How does the increase in charges compare with your increase in costs over the past ten years? In other words, from a percentage standpoint which has increased the most?

Mr. BAXTER: Costs.

Mr. LEFEBVRE: Costs. By how much? Just give me a rough figure.

Mr. BAXTER: I would estimate by a margin of 50 per cent.

Mr. LEFEBVRE: Increased costs?

Mr. BAXTER: The costs have increased 50 per cent more than the tariffs.

Mr. LEFEBVRE: Speaking of costs, I believe Mr. Hamilton said yesterday that the Board of Grain Commissioners will just about be paying its own way this year, but this is the first time in your history, is it not? According to this annual report for 1965, I forget what page it is, but there is quite a difference between the French copy, page 17.

(Translation)

The expenditures, \$5,146,914, the earnings, \$3,617,588.

(English)

You are going to be that much closer this year, is that right? What is the main reason for this?

Mr. HAMILTON: Mr. Chairman, the main reason for our better looking forecast is that we increased our charges by approximately 50 per cent. It is quite true that ever since our act was re-written a good number of years ago we have not been required to cover the complete cost of our operation. Back in the 1920's the board was required to meet the cost of its operation, but when they revised the act they did not make it mandatory that we meet the cost of our operation.

Mr. LEFEBVRE: The difference between your receipts and your expenditures comes out of the estimates for the Department of Agriculture, is that correct?

Mr. HAMILTON: That is quite right.

Mr. LEFEBVRE: Now, I would like to change the subject a little bit and refer to this matter of inland terminals, one of which we visited at Moose Jaw. We were told by some people that it might be feasible to have these facilities fully equipped for processing the grain and if the proper facilities were available they could load the grain on special cars, which would then be dumped directly into the boats at the seaports. Other people say this is not feasible because of the programming of cars, which would be very hard to figure out. But if it was feasible, sir, would you be satisfied that this wheat, if it was processed in the inland terminals and dumped into the boats, would be just as clean? In other words, could you keep it free of foreign material as well as you do under present conditions?

Mr. HAMILTON: When the grain leaves the inland terminals it is at the same standard as when it leaves our export terminals.

Mr. LEFEBVRE: There would be no trouble with this?

Mr. HAMILTON: There would be no question here at all.

Mr. LEFEBVRE: Now, would it be easier and more efficient for your department if, instead of having hundreds and hundreds of country elevators, you had a number of large regional elevators? In other words, could you keep your eye on this wheat more easily if you had, say, 200 or 300 elevators to inspect rather than thousands?

Mr. HAMILTON: The answer, of course, Mr. Chairman, is yes. The fewer number of elevators we have to worry about the easier it would be for this board. It might be of interest to you to know that one engineering firm did a

study of the prairie provinces and they came up with the ultimate. This would be 72 elevators in the province—

Mr. LEFEBVRE: How many?

Mr. HAMILTON: Seventy-two elevators in the province of Saskatchewan as opposed to some 3,000.

Mr. LEFEBVRE: I am glad you mentioned that. I forget who the representative was at one of our meetings in western Canada who said that the firm of engineers that brought out this report were more concerned with selling their services than increasing the efficiency of the handling of wheat. This was the opinion of this witness. I think I have the wording just about right. We have seen in every other aspect of farming that everything is going into regional equipment, where you do away with what was built 40 or 50 years ago because at that time we did not have the transportation or roads to go into regional. An example of this is dairies or meat processing plants. As one of the eastern representatives I find it difficult to understand why this has not been done in the handling of wheat and I just wanted your opinion.

Now, I would like to ask the doctor a couple of questions. I forgot your name, sir, but you are in charge of research. The sample that we saw in your laboratories yesterday which had large pieces of glass in it, how often does this happen and what is the procedure followed after this is discovered?

Mr. HAMILTON: Mr. Chairman, perhaps I will start out answering this. This study was done by the engineering firm of Barnett-McQueen at the Lakehead. I think it is very difficult to argue with the submission they have made. It is a logical one and I think it was designed to stimulate some new thinking in this whole business of grain handling. I would like to say the rebuilding cycle that most of the country elevator companies are presently on is about an 80 year cycle. Of course, it is just about 80 years ago that the first grain elevator was built in western Canada, so perhaps we have just gone around the cycle once. The Board of Grain Commissioners feel that this is just not good enough in 1967. One of the reasons we authorized an increased tariff was that the companies could plan ahead and set their house in order. After all, we are responsible for the standards.

Speaking of standards, I am sure when you saw that glass yesterday it was as much of a shock to you as it was to members of the board. What will happen there is that we will get in touch with the railways to try to get the history of that boxcar and see what on earth they were carrying in it before. Fortunately we caught it and the carload of grain will be held separately at the Lakehead. It will be put over the de-stoning equipment and the glass will all be removed. However, it is a very dicey operation because the sample we received was picked up by our automatic samplers and it contained two small pieces of glass. This was the only clue we had that perhaps this grain was contaminated, so we asked them to hold the grain separately, and you saw the results of the further investigation. As to how often this happens, this is a very extreme case. I have never seen a mess like that before in my life. I do not know if Dr. Hlynka would like to comment on this. I think Charlie Hammond would be best.



Mr. PETERS: Mr. Chairman, on a point of order, the Chief Commissioner of the Board of Grain Commissioners has mentioned that this report has been hinted at by a number of people. I would like to know if he has that report in his possession and if he would be willing to table it as an appendix to our minutes proceedings and evidence?

Mr. HAMILTON: We do not have a copy right now. We had one and we sent it out to somebody in the country who asked to take a look at it. This is not a confidential report. We can get a copy if you wish.

Mr. PETERS: I would like to see that report tabled.

Mr. LEFEBVRE: I did not know we were allowing supplementary questions. I was just about to bring this up.

Mr. PETERS: That was not a supplementary question, it was a point of order.

Mr. LEFEBVRE: That is how it ended up.

Mr. HAMILTON: It was a report of the Barnett-McQueen Company.

The VICE-CHAIRMAN: Is it the wish of the committee that this report be made an appendix to our minutes?

Some hon. MEMBERS: Agreed.

Mr. CROSSMAN: A supplementary, Mr. Chairman—

The VICE-CHAIRMAN: Order. I think it was agreed we would not have supplementary questions.

Mr. PETERS: Mr. Chairman, I would like a ruling. I am in complete agreement that there should not be supplementary question, but on a point of order I asked that this statement which was referred to be introduced as an appendix to our minutes. I do not think that is a supplementary question. I think the members should be fair in their judgment.

The VICE-CHAIRMAN: I intervened because some other member wanted to ask a supplementary.

Mr. LEFEBVRE: Mr. Chairman, may we have some comments about this sample in which glass was found? I believe one of the gentlemen at the back was about to answer.

Mr. HAMILTON: I will ask Mr. Hammond, our assistant chief grain inspector, to comment on this.

Mr. HAMMOND: I believe you asked if we find this sort of thing very often?

Mr. LEFEBVRE: Yes. What steps do you take after you find it, and how often does this occur?

Mr. HAMMOND: It occurs very, very rarely, I might say. Certainly I have never seen a sample such as you saw yesterday. I should point out that the sample you saw may have been a little misleading. There is glass in the grain that went into the elevator, but the majority of the glass that was in that car was left in the car. The sample you saw was grain that had been swept off the floor of the car after it had been unloaded. This is the one that contained most of that glass. Now, we were aware of the glass being present during the time the grain was

being unloaded. We immediately informed the terminal operator, the carlot of grain was binned by itself and it will be cleaned by itself, the screenings will be thrown out and the grain will be sampled and reinspected for the presence of glass, and at this time it will receive its official grade. At this point it has not been officially graded.

Mr. LEFEBVRE: No, what is the most common foreign material that you find in wheat? Is it glass or metal, or what?

Mr. HAMMOND: No, the most common would be the stones that are picked up in the harvest operation.

Mr. LEFEBVRE: Picked up from the fields, yes. I just have one more question along this line. We inspected the research and testing facilities yesterday and I believe somebody made the statement they were crowded, the space was not large enough. I think we saw this quite readily. Approximately how many square feet do you have for research and testing facilities in Winnipeg at the present time?

Mr. HLYNKA: The Board of Grain Commissioners has a total of 42,000 square feet in the grain exchange building and approximately 17,000 square feet are for the research laboratory.

Mr. LEFEBVRE: Now, how many square feet do you think you need to carry out your full program under better conditions?

Mr. HLYNKA: The total projected area that the board probably requires is somewhere in the neighbourhood of 60,000 square feet, of which approximately half would be devoted to the laboratory.

Mr. LEFEBVRE: It would be almost double the space you now have for the laboratory?

Mr. HLYNKA: Yes, for the laboratory.

Mr. LEFEBVRE: Have you made an estimate of the cost of your new facilities, if and when you get them?

Mr. HLYNKA: This is a very difficult question to answer, but it would probably be upwards of \$1 million.

Mr. LEFEBVRE: A million dollars for the new facilities, including laboratories?

Mr. HLYNKA: Yes, upwards of that figure.

Mr. LEFEBVRE: Thank you, Mr. Chairman.

The CHAIRMAN: I do not want to control the questioning too much, but I would point out that we have Mr. Noble, Mr. Rapp, Mr. Peters, Mr. Cote, and Mr. Watson on the list. Mr. Parker of the Manitoba Pool cannot be here later on today, but he is with us now. We can probably delay for a little while our departure to the grain exchange, and I have no idea of the length of the questioning, but I would ask the questioners to consider that and we will continue with the questioning.

Mr. NOBLE: Mr. Chairman, some of the questions I had in mind have been answered, but there is some other information I would like to obtain. It seems to

me that the grading of the grain is perhaps one of the most important functions coming under the responsibility of the Board of Grain Commissioners. So much seems to depend on the efficiency of this operation, and I am wondering how long it takes to train personnel to do a really good job on this grading?

Mr. HAMMOND: I would say it takes about five years from the time a person has demonstrated that he has some natural ability along these lines, from the time he first comes to us until he is capable of entering into the lower ranks of grain inspectors. In this position he would be doing grain inspection under close supervision. It would take closer to ten years to become a fully qualified grain inspector. I should also point out that our people receive on-the-job training continuously throughout their time with us. Also, our staff training program is aimed at making them very proficient in their job.

Mr. NOBLE: Then, Mr. Chairman, I would presume that you have new groups of people coming in each year to take training and they would replace those who might possibly leave?

Mr. HAMMOND: We do have people coming in as they are required. As vacancies occur in our staff people are recruited at the lower levels.

Mr. NOBLE: My last question in respect to this matter is do you lose many of these people to other organizations or to other countries after they have been recognized as skilled people?

Mr. HAMMOND: I could not tell you the number offhand, but we have lost some to private grain firms. Our ranks are not seriously depleted through this loss.

Mr. NOBLE: Mr. Chairman, I have a couple of questions that are possibly common knowledge to the western members, but we from the east would like to know a little bit more about these things. Can a producer suffer financial loss if he has cause for protest over grades given his grain if he does not take advantage of this privilege?

Mr. HAMILTON: Mr. Chairman, if I understand the question, you mean is it possible for a farmer to take a beating at the country elevator if he does not take advantage of official grade?

Mr. NOBLE: If he thinks he received a grade that was below what he really had, if he does not make a protest will he take a financial loss?

Mr. HAMILTON: Oh yes, he will take a loss. He may be undergraded, but this is up to the producer. Under the Canada Grain Act he has the right to go to the chief inspector at any time for an official grade on his grain.

Mr. NOBLE: Well, if the grade were not dropped more than possibly one grade, what might be the loss per bushel?

Mr. HAMILTON: Oh, it could be from five or six or up to ten or twelve cents.

Mr. NOBLE: On a carload of grain this could be sizeable.

Mr. HAMILTON: On a carload of grain this would represent \$200 or \$300.

Mr. NOBLE: Those are all the questions I have, Mr. Chairman.

Mr. PETERS: I would like to ask the Commissioner what steps are being taken to modernize the whole process of grain handling. I have not been



impressed with the country elevator type operation. It appears to be totally out of date. Now, with the abandonment that will obviously take place in the next few years of some of the branch lines, those people on the branch lines are going to have to make a change in their grain handling operations. Have the grain commissioners given any consideration to a study that would reorganize the whole process where grain could be cleaned, dried and handled and ready for export in the terminal elevator type operation, so that cars could be brought to the ship and unloaded by using bulk carriers and an overhead unloading system, and in this way it would facilitate and certainly eliminate a lot of this problem that we now have in the Vancouver port?

The CHAIRMAN: I am sorry, Mr. Peters, I made a mistake here. Mr. Rapp should have been the next speaker. I have a habit of scratching the name before I ask the member to speak, and I scratched Mr. Rapp's name. Perhaps this question could be stayed. I told Mr. Rapp what time he was going to have and I called your name in error. I apologize, Mr. Rapp.

Mr. RAPP: That is all right, Mr. Chairman. My question has to do with the port of Churchill. Many organizations, such as the Hudson Bay Route Association and farmers organizations, are of the opinion that if the fresh water from Lake Winnipeg which flows in by the Nelson River to the port of Churchill could be diverted that the open navigation season would be extended quite a bit. Could some official of your board give us some explanation or can they confirm the fact that if fresh water was diverted the season could be extended. That is my first question.

Mr. HAMILTON: Mr. Chairman, I am not really qualified to answer this question but it is a fact, of course, that fresh water will freeze much more readily than salt water. This is the thinking behind diverting the fresh water from the elevator. I think the real problem comes further up in the straits.

Mr. RAPP: How much farther up, 100 miles?

Mr. HAMILTON: Well, around the northern tip of Quebec, which would be several hundred miles.

Mr. RAPP: My second question has to do with this wheat in which the glass was found. It so happens that it was from an area which is in my constituency, and if there is going to be a rough deal handed out to these farmers, I am pretty sure I will be getting some letters. Could you say, for instance, how many grades they would lose on it?

Mr. HAMILTON: The farmer is not responsible at all, Mr. Rapp. I suspect the boxcar was dirty; that it had been carrying some sort of broken glass in it. There will be no loss in grade. It will be cleaned up and then, as Mr. Hammond said, after it is cleaned up, if it passes inspection, an official grade will be placed upon the grain.

Mr. RAPP: My other question is what are the basic qualities of these varieties of wheat; Manitou, Selkirk and Pembina? Could you give us this information and compare one wheat with another?

Mr. HAMILTON: I will ask Dr. Hlynka to answer that question.

Mr. HLYNKA: The question concerns Manitou, Pembina and Selkirk. I will start with Pembina. Pembina is a good wheat. The one thing that is not in its favour is the fact that it requires a greater amount of mixing in the dough stage. It is necessary to use more energy in the mixing to develop its optimum properties. The properties are there if you put in the work, so it is good but it has a long mixing time. Selkirk, on the other hand, is probably at the bottom of those three. It is about equal to Marquis, but in our plant breeding program we have been aiming at something that is a little better than Marquis. So, Selkirk is good but its main merit has been the fact that it has been resistant to stem rust and it has been a real life saver from that point of view, but the quality has been less than these other two. Manitou is a new one. We have tested it for quite a number of years and it is very good. I would say it is the best of these three.

Mr. RAPP: That is all I wanted to ask.

Mr. PETERS: Mr. Chairman, I have asked my first question. This involves the whole process of encouraging the farmers to haul longer distances by road transport to areas where they will be able to make a much larger initial delivery. The board will be in a much better position if they have 70 to 100 car trains of 2,000 bushel capacity within 18 hours of shipment. We are now equipped with Telex. You have the facilities, as I understand it, but you cannot get this quantity in trainload lots in a clean condition in an elevator here. It seems that the pools have a vested interest, of course, in maintaining their cleaning facilities because this is a big asset as far as they are concerned. I looked at some of those boxcars at some of the terminals in Vancouver and that grain certainly was not cleaned. It did not even go through initial cleaning, it just came from the combine and was dumped in the boxcar. Some of it appeared to be a hoisting operation only. You hoist it up and put it in the cars. It is a very out-of-date system.

Mr. HAMILTON: I would like Mr. Shuttleworth to answer.

Mr. SHUTTLEWORTH: Mr. Chairman, I am sure you realize that social change is very much involved in the things you are mentioning now. There are a great number of private companies, co-operative companies, operating in the field. As far as the board is concerned we have no jurisdiction to move in this area, as we pointed out, under the Canada Grain Act. With our knowledge of the operation of the grain movement in Canada, we do advise the government of the day on possibly what might be done. However, the things you are basically concerned with are matters of government policy, and very broad government policy, and to that degree we do not go beyond the requirements of the Canada Grain Act.

Mr. PETERS: I think there should be a study undertaken into the modernization of our transportation and storage facilities in the wheat industry. It is an important national problem. If this committee were to recommend that this be undertaken, would the grain commissioners not be in a position to undertake that kind of a study?

Mr. SHUTTLEWORTH: We certainly have a great deal of information at our disposal and no doubt we could help in a study and give a good deal of information to whoever was authorized to make it. The fact is that the people who are in the business today are competent but, as was pointed out here, the situation is that we are living in a fast changing age as far as the movement of all commodities is concerned. It is a matter of making changes in the whole

system, and there are so many things involved in meeting the needs of tomorrow. Whether a parliamentary committee is the way to deal with this or not, that is the responsibility of parliament to decide.

Mr. PETERS: Mr. Chairman, in looking over the report I have found something which I think is quite amusing. We looked at the Moose Jaw plant the day before yesterday—and this is unfair, I presume—and it is a fact that if each one of the employees on July 31 had taken home two bags of grain they could have stored it all in their kitchens without interfering with anything and they would have had the whole stock of the elevator, 218 bushels. This is an odd situation, but if you take the whole year you will find that it cost the farmers 30 cents a bushel to handle grain at the Moose Jaw terminal if you take the wages and compare them with the 100,000 bushels which they had. What recommendations are you making for upgrading the two facilities that it seems imperative to upgrade? One is licensing this as an elevator so that farmers who want to take in large quantities of grain are provided with the facility for unloading 1,000 bushel trucks and, second, the loading of specially-built cars that could efficiently be operated in 70 to 80 car lots for ship delivery.

Mr. SHUTTLEWORTH: This again comes into the field of government policy. It is in two areas.

Mr. PETERS: We own this and we are already operating it.

Mr. SHUTTLEWORTH: We own this. Now, the government can make up its mind to do two things. You mentioned the possibility of licensing it as a country elevator.

Mr. PETERS: It is semi-licensed now, is it not?

Mr. SHUTTLEWORTH: Yes, and it becomes a matter of government policy whether they want to get into this side of the grain business in competition with those already established in the business.

Mr. PETERS: I do not really see why the government should make this policy. Is it not the grain commissioner's responsibility to move grain? We hold ships sometimes for 20 days on the west coast because we do not have grain available. Is this not—

Mr. SHUTTLEWORTH: No, under the Canada Grain Act it is not our responsibility to move grain in total. It is our responsibility to facilitate it as far as the Canada Grain Act is concerned and we try to carry that out. But certainly the licensing of a government-owned elevator is a matter of government policy.

Mr. PETERS: In relation to—

The CHAIRMAN: Excuse me a moment. I have spoken to Mr. Shuttleworth, and I do not want you to think I am trying to control you but I want to be fair to Mr. Parker. He wrote us a letter—we did not get until yesterday—asking if he could change his time. I spoke to Mr. Hamilton and Mr. Shuttleworth about this—I did not speak with the other commissioner—and we only have one witness after eight o'clock, Mr. Molgat, and they have agreed to come back after eight o'clock. If we are going to hear Mr. Parker's brief—he has agreed to summarize it and it will take approximately half an hour—then it will make our trip to the grain exchange a little late. Perhaps we could have the Board of Grain



Commissioners come back after eight o'clock tonight. Is this agreeable to the committee? Agreed.

I want to thank Mr. Hamilton and his group for agreeing to this, because we shoved them around last night and made them wait and they are readily agreeing to a further deferment.

Mr. Parker, if you will come up front we will try to move along as fast as we can. I hope the committee members realize that we will not have too much time to question Mr. Parker, if we have any time. It has been suggested that the entire brief of the Manitoba Pool in the form presented to the committee be printed in the minutes of proceedings and evidence.

Mr. PETERS: Mr. Chairman, some of us have had a chance to look this over and perhaps to expedite matters we might start in with the questioning rather than having the brief read.

The CHAIRMAN: I have already spoken to Mr. Parker and he would like to make some statements before he starts. You have no other officials with you?

Dr. W. J. PARKER (*President, Manitoba Pool Elevators*): I have two other directors with me, Harold B. Sneath, Vice President, Manitoba Pool Elevators and Mr. George E. Franklin, a director from Deloraine. Will you come up, please?

Mr. Chairman and gentlemen, I will try and touch the highlights of what I consider to be the most important parts of this brief without boring you by reading sections at length. However, there is one section I do wish to read. You can forget the first page, except that I would like to draw your attention to the fact that Manitoba Pool Elevators not only have country elevators in terminals but they are engaged in the manufacture of fertilizer, the distribution of farm supplies, livestock marketing and they have a packing plant at Brandon, Manitoba. So, we cover a little bit more than merely grain itself.

With reference to page 2, this brief was not written for the western members, who know these facts just as well as I do, but in this committee there are representatives from eastern Canada and therefore we put in more detail than we would have done had we been talking just to western members.

On page 3 we draw attention to the fact that many of the country elevators are now of a considerable age—almost as old as I am—and 75 per cent of them were probably built prior to 1940 and a considerable percentage were built in the 1920's and some even before that. I do not want to suggest that this whole thing is out-of-date or completely obsolete, that is not right, but many of these older ones are worn out and they are obsolete. But these companies, whether ours or another, have a great many elevators that are quite modern. We point out that modernization is very costly. There has been a rather slow trend towards modernization because many of the companies have felt that the tariffs were not sufficient to justify the capital required to modernize. We point out on the same page that there are two main sources of revenue for country elevators, handling tariffs and the storage earnings. The cost per bushel to Manitoba Pools last year was approximately 7 cents per bushel and the handling tariff of the Wheat Board was 4½ cents for wheat and barley and 33½ cents for oats. We made 2.2 cents per bushel handled of storage earnings. Now, you will see that obviously does not break quite even. We have overages and shortages and grade gains and losses

and we have some merchandising premiums in malting barley, for instance. We also have terminal earnings and screenings, and this sort of thing, so you get into a surplus or a net position. The point we make here is that tariffs will not do it for either this company or any other company in western Canada.

Construction costs prior to 1957 were about \$1 a bushel. The last elevator we built and opened here in November cost us just 2 or 3 cents less than \$2 per bushel. Operating costs have gone up proportionately, there have been fantastic increases in real estate and taxes and there is also maintenance, repairs, revised salary schedules and incidental expenses. If you are going to get the kind of labour you need to manage one of these elevators today you will have to put in electrical equipment, you will have to put in electric car hauls, you will have to put in dust control and you will have to give them a modern plant or you will not get the kind of labour that you want to manage country elevators.

We are now budgeted and we have been authorized by the board to spend \$2 million in the country this year mainly in new capital costs for modernization of the older facilities. We estimate that a program of this magnitude will go on for four, five or the next six years. The acceleration of rail line abandonment and increasing costs of labour and materials will extend the annual expenditure, as far as we know, over the foreseeable future. For instance, we used to put in a ten ton scale that cost \$1,000. No one puts in less than a 30 ton scale today to accommodate the five ton trucks and the larger ones cost \$6,000, roughly, installed, and some are putting in 50 ton scales. This is the magnitude of the expenditures required in order to meet the new technique of farming with the bigger farms and the bigger trucks. With the shortage of labour today the farmer is not going to sit ten minutes waiting to get a truck unloaded. When he moves in he wants it off his truck so that he can go back home. If he did not do this he would go broke.

I want to say just a little bit about the terminals, Mr. Chairman, because in 1963 Manitoba Pool opened the first new terminal that has been constructed at the Lakehead since 1928, at a cost of approximately \$10 million. I suggest to you, Mr. Chairman, that that is a very big expenditure for a very small company such as Manitoba Pool Elevators that is confined to the province of Manitoba. We feel it is a major expenditure but we are satisfied the expenditure has been justified. It is modern and it will load the biggest ocean-going vessels that are presented there with as nice despatch as any house could possibly perform. It is an up to date workhouse. I have heard the Chairman of the Wheat Board say on more than one occasion that he is very doubtful that Canada could have exported the quantity of wheat that went out of the Lakehead had it not been for that new house. This was particularly true a year ago when there was a terrific amount of damp, tough grain in Manitoba and the additional drying facilities undoubtedly saved hundreds of thousands of bushels that would otherwise probably have deteriorated considerably. We spent about \$13 million at the Lakehead in the last five years, and we have recently authorized and have under construction now a mechanical dumper at Pool No. 3. The contract price is \$600,000 installed. The labour board required modernization of the electrical equipment in that house and we have let contracts already for \$300,000, and to complete it will cost another \$200,000, so there will be another \$500,000 going into Pool No. 3.



Incidentally, Mr. Chairman, your committee, has been invited by the Harbours Board at the Lakehead to go through Pool No. 1, which is the \$10 million house to which I referred. We will have staff there on Saturday to guide you through if you wish to visit. I respectfully suggest that this magnitude of expenditure at the Lakehead, and all that is going on at Vancouver, is being done 100 per cent by the farm people without any government assistance whatsoever. I suggest that the farmers are leading the way in trying to meet what we anticipate will be the increased production of grain in western Canada to try and meet Canada's moral commitments in respect of food generally.

Bill No. C-126, the Canada Labour Code, which frankly I do not like one little bit, has two or three parts which to us are quite unnecessary and interfere with what was previously working as a nice operation. I refer to the hours of work particularly. Let us forget about the rate of pay because we are so far above the minimum that they are not even in the same ball park, I suggest it is nonsense that when another 30 or 40 minutes would finish loading a boat, because the hours of work are finished you have to stop and the boat must sit there until the next morning at eight o'clock when the men come back on again. You cannot bring a crew back for half an hour and pay them for four hours work. The boys at the Lakehead were not dissatisfied before because they were looking for overtime. Proof of this, gentlemen, is that the superintendents had to be careful they parcelled out the overtime proportionately amongst them so they all had an opportunity to earn additional pay. We believe the unions and the employers should be permitted to work out their own arrangements instead of being interfered with to that extent.

I will not say anything about marketing because as far as the policy of the Canadian Wheat Board is concerned we in the west unanimously approve of what they are doing. Sometimes we disagree with some of the things the board does, but the principle is still sound. There have been requests that rye, flax and rapeseed be put under the board's operations. My own organization has asked for it on more than one occasion, so I must support it. However, I think it is foolish to assume that the wheat board will get more money in total for any one of those three, the two oil seeds or rye, because our production of rapeseed is insignificant in the world trade in oil seeds. Wheat is an entirely different matter. Canada has a very influential position because of the percentage volume of world trade and because of the quality. With respect to rapeseed, we do not mean anything. If we did not produce any it would not make much difference, so that cannot have any material influence. The same thing applies to flax but to a lesser degree. It certainly applies to rye, because we do not produce much. However, because of the impact of the quota the farmer is not free to deliver the day he thinks he has a good market, so he would like to have it under the wheat board. Secondly, it will pool the price and he would like that. It is a mistake to advise the farmers that the wheat board will get them a lot more money in total, because I am quite satisfied they will not do it.

I might mention the fact that the cost of the operation of the Canadian Wheat Board, apart from the Temporary Wheat Reserves Act, is entirely borne by the farmers who are using it.

I want to say something about labour-management if I may, gentlemen, and this is referred to on page 9. It has four parts, but the only one we are concerned



about is the hours of work section. The others do not influence us at all because we are way above the minimum that has been suggested in the bill.

Now, at page 10 our brief states:

Regulating the hours of work of Country Elevator Managers however, seems to us to be an impossible task. We contend first that these men do perform managerial functions. It is unfortunate that Section 3, Paragraph 3 of the Code did not include Country Grain Elevator Agents along with Managers and Superintendents... because:

And I list the points:

They have the right to employ and terminate the employment of temporary employees.

Now, each one of these elevator managers is responsible for the operations of a plant costing anywhere from \$100,000 to \$140,000. They are located at approximately—speaking of our own—240 points in Manitoba. They only have supervisory attention paid to them possibly once a month by the travelling superintendent, and sometimes twice a month, but generally they are on their own. They deal with the public at large. They may have as many as 300, 400, 500, 600 or 700 customers.

They are responsible for the grading, weighing and docking of all grain delivered to their respective elevators. They are responsible for paying the patron cash, if he wants it, at the time of delivery. The method of payment is in the form of a cash ticket, which is a negotiable document. We cannot issue a cheque in our office unless it is over my signature or the general manager's signature or the comptroller's signature and there must be two signatures.

If we go to a country elevator agent he can issue a cheque for \$10,000 on one signature, and you claim that man is not a manager. In the course of a year a country elevator manager will hand out at least \$250,000. Some of them will hand out up to \$650,000 or more on his own signature only.

They are responsible for stocking and selling farm supplies, machinery, chemicals, seed and fertilizer, for which they are paid commissions in addition to their ordinary salary.

They are subject to the dictates of the Canada Grain Act and the regulations administered by the Board of Grain Commissioners, whom you had here a few moments ago. They are licensed and this can be withdrawn if they get off base.

They are responsible for granting credit, and I am horrified at the amount of credit they are granting but they are responsible for the collections.

I will now refer to page 12. To restrict the elevator manager's work would militate against the requests of the Canadian Wheat Board for rapid shipments of grain. Compounding this problem is the fact that they are subject to the various railroad schedules. They bring in three or four cars at four or five o'clock in the afternoon and they expect them to be loaded for the freight train the next morning at eight o'clock. Under the labour code they cannot be loaded, so they will sit there for a week because there is possibly only one or two trains a week on that line. It is hard to think of anything more inefficient in the use of scarce transportation and in impeding the movement of grain which is required at the export point. Also, I cannot think of anything worse than that bill when applied to country elevator agents.

On page 13 we point out that the country elevator manager is part of the community. He is relatively free. I can only recollect one occasion when the farmers objected to the fact that the agent was not in the elevator on time or that he was away hunting, or something, when he should have been there. They work it out with the community. They can attend all the bonspiels they wish. They can go hunting. They can go to picnics. Certainly they have to work 12 or 14 hours some days. The farmer does, too. That degree of freedom is there now, but if you put them on the hours under this bill they will be on a time clock and they will not have that freedom. I have talked to many of them and they do not want it, they want to be left alone. If the government would stay out of our hair some of us would get along a lot better.

There is just one reference on page 14 to grading. I will not read it, Mr. Chairman, but some of us feel our grading system has probably been the best in the world under a "certificate final". But, Mr. Chairman and gentlemen, the demand for various kinds of wheat has changed somewhat from the time the Canada Grain Act was last revised. You have other markets that are not looking for Nos. 1, 2 and 3 Northern, they are looking for something else. Many of us feel that the restriction on blending Nos. 1, 2, and 3, the statutory grades at the top, should be eliminated, and the pools asked for it in the first place. We are now prepared to wash it out. There has been a committee set up with the Board of Grain Commissioners to undertake a review of and to study the whole grading system. We have no comments to make because it is presently under review and our own general manager is on that committee. We merely say please let us not have a closed mind because it has been satisfactory until now. Maybe it can be improved because of new methods of milling and the demands we are receiving from areas where our wheat did not go 20 or 25 years ago.

The transportation bill is now completed, so there is no use in saying much about it. It is generally satisfactory in so far as we are concerned. We appreciate very much the fact that now at least a number of roads have statutory protection. The roads that are not protected under statute have the right to appeal for a public hearing, as they had under the old act. The one thing we are not too happy about is the fact that we are not in a position to cross-examine the railways' costing figures publicly before the tribunal. That is being done privately before the tribunal. I suppose we must accept it, but we are not very happy about it. However, as far as the Manitoba Pool is concerned we are not at all unhappy about the rest of it.

Feed grains, the feed board and the feed freight assistance policy are very sensitive political matters. We have suggested here that there is no unanimity in the west. I take it this is also true in the east, because Ontario producers have said publicly that they are prepared to produce enough corn to feed their livestock. Some of them say that we do not need the freight assistance for other reasons. We had one person, at least, from Quebec representing the Co-op Fédérée who suggested at a public meeting in Manitoba that if freight assistance was off and the feed board was out and it was taken away from the wheat board, that they would be more happy than they are now. The Maritimes, of course, want it as it is. All I want to say with respect to the west is that the people who are producing cash feed grains are not unhappy. Feed freight assistance, whether it applies to the buyer or the seller, is always a debatable point, but they are not



unhappy, they are satisfied with that. Livestock producers are not as satisfied because they feel that the subsidy of the freight on the feed ends to increase the production of livestock in the east at a little lower price than otherwise, and to that extent it militates against the comparative advantage the western livestock producer enjoys geographically. So, there is a reservation in their minds whether it is necessary to carry it on much longer. We merely draw this to your attention.

We believe, as stated at the top of page 19, that government controls have much to offer in many areas of agricultural trade, but some products lend themselves to one type of marketing technique and others require different types. The technological developments tend to change these requirements. We respectfully suggest that a periodic review of these acts and policies are appropriate.

We feel that as far as Manitoba is concerned we could stand a crash program into research on feed grains. Too much time, energy and money has been spent on trying to produce malting barley. What we want is tonnage per acre of a high nutrient quality to feed animals. We think there should be complete research in that field. Also, we know we can produce corn in southern Manitoba and we know we can produce soybeans, but we think with research that the varieties could be matured much more quickly and we believe there should be continuous research into that because we think it is a necessary adjunct to the development within the province of Ontario. The feed grain Triticale has been developed at the University of Manitoba. It has a protein content of anywhere from 19 to 21 per cent, which is a very promising type of cereal and particularly so for livestock feed. Once they get one or two crop diseases eliminated we think it will probably be on the market by 1970 at the latest—at least the plant breeders think so. Manitoba Pool Elevators have put \$60,000 into that research program. There was also a grant from the Rosner Chair at the university out here.

Now, we are speaking for Manitoba particularly here, not for western Canada generally. I just want to suggest that in this province special crops, irrigation, livestock production and a general intensive type of agriculture can make this a prosperous region. The service industries required by intensive agriculture are many and varied. They require a great many skilled employees, most of whom in one way or another would be part of the agro-business complex. Manitoba needs a crash research program of several areas of agricultural endeavour in order to carry out the program to the best advantage. I mentioned soybeans, and so on. Rape is becoming a useful crop in this particular province. We need much higher yielding feed barleys for livestock feed. We require more research on fertilizers, soil management and farm management generally. All of us, including the university, have been very lax in developing farm management techniques and proper cost accounting. This has now been proven in all three provinces.

I would now like to read the final paragraph of the brief. We believe it should be pointed out that heavy—we cannot do it in Manitoba—but we believe that heavy, industry, industry surrounded by densely populated areas, does not necessarily result in the highest standards of living for the individual. The central areas of the United States, which are primarily agricultural, have a comparatively limited population and a standard of living not duplicated in any



place in the world that I know of. With a well-planned program we think it is quite possible for the citizens of Manitoba in the foreseeable future to reach or surpass that enviable goal.

Mr. MUIR (*Lisgar*): Mr. Chairman, on a point of order, if there are any questions being asked—

The CHAIRMAN: If you will allow me, Mr. Muir, we have a motion that the submission of the Manitoba Pool Elevators be made an appendix to the minutes of proceedings and evidence. Is it agreed?

Some hon. MEMBERS: Agreed.

Mr. MUIR (*Lisgar*): My suggestion, Mr. Chairman, is that as the brief has been very concise and clear and as it has set out the situation as far as Manitoba Pool Elevators is concerned, that considering the number of witnesses we have to examine today this brief be attached as part of our proceedings and no questions asked.

The CHAIRMAN: No questions, did you say?

Mr. MUIR (*Lisgar*): No questions be asked and that we accept it as read.

The CHAIRMAN: I do not know how to accept this. We advised the grain exchange that we would probably be a little bit late. There are only three or four members who have intimated they wish to ask questions. If they have one question each I think the opportunity should be taken to ask questions at this time. I spoke to Mr. Parker earlier and, I do not remember at this stage what I told the committee about his coming to Ottawa. He said he would come if the committee desired it and, if they had questions on the brief. I suggested we would try and make arrangements for him to come at his convenience, because we know he is a very busy man. If members are still desirous of proceeding with questions we have Mr. Olson—Mr. Watson intimated he wanted to ask questions but he is not here—Mr. Horner and Mr. Clermont.

Mr. MUIR (*Lisgar*): Mr. Chairman, I moved an amendment to the motion you put and I would like you to put the amendment.

The CHAIRMAN: I did not understand it to be an amendment. We already passed the motion that this brief be printed as an appendix to the proceedings. Is it your motion now that no questions be allowed?

Mr. MUIR (*Lisgar*): That is right.

The CHAIRMAN: Does the committee agree to this? Those against this motion?

Mr. LEFEBVRE: I just want to know if we are going to be visiting the Grain Exchange, as we were told yesterday?

The CHAIRMAN: Yes.

Mr. LEFEBVRE: When?

The CHAIRMAN: Just as soon as we adjourn this meeting.

Mr. LEFEBVRE: Well, let us go.

The CHAIRMAN: Wait a minute. Is it agreed there be no questions asked of Mr. Parker and his group at this time?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: All right. Thank you very much, Mr. Parker. I am sorry we do not have more time, but I think you realize our time is limited. The meeting is adjourned to this afternoon at 2.30 p.m.

## APPENDIX I

BARNETT-McQUEEN COMPANY LIMITED

ENGINEERS AND CONSTRUCTORS

Fort William, Ontario

A

PAPER

on

THE GRAIN INDUSTRY

of

MANITOBA—SASKATCHEWAN—ALBERTA

Dated at Fort William, Ontario

this

21st day of December 1962

*Introduction*

Barnett-McQueen Company Limited has served the Grain and Mining Industries in Canada since 1904. During all this time we have been pre-occupied with methods of moving material and have developed and followed improvements in bulk material handling. Advances in the mining field have been notable; efficiencies now practiced would have been undreamed of twenty years ago. In grain handling, political, competitive and social forces have combined to thwart technological and economic pressures for progress.

In this brief we show that substantial efficiencies are available to the grain industry, making possible major cost savings in the collection and distribution of grain. We show also, that increased profits realized by modernization will justify the capital expenditures necessary. It is apparent to us that the grain industry must under our present economic trends act to modernize in the very near future.

*Related History*

Elevator systems as material handling agencies were designed to handle grain in an environment that existed half a century ago. The influence of the railways in the late eighteen hundreds and early nineteen hundreds in offering inducements to build elevators along their right-of-ways is still apparent. During the wheat boom, elevators were built en masse, and between 1923 and 27 they increased from 3,936 to 4,683. In the crop year 61-62 there were 5,244 public country elevators licensed in the three Prairie Provinces.

Most country elevators in Canada were built 35 to 40 years ago, and the capital investment in them has long since been written off. In recent years larger and more modern elevators have been erected on the Prairies, but the changes in



them have been minimal, and, with the exception of electrification, there has been no technological change in their concept, location or design. No major improvement in equipment, speed or mechanical efficiency has been realized.

The elevator system as we know it was built in the transportation era of the horse drawn wagon and the steam locomotive. After the depression of the thirties the motor truck became predominant, and now has taken over completely as the producers' means of hauling. Electrification has come completely to the Prairies and allows automated handling. Grain companies are finding great difficulty in adjusting to these changing patterns.

The grain companies' cost now are rising to an extent where it will be impossible for them to realize any profit under present statutory rates, even though most of their plant is written off. Costs in the grain trade of between 10 and 12 cents per bushel handled are such that neither the producer nor the company can stand further increases. It is apparent that requests for increased statutory revenue to alleviate these costs will, if granted, place an added and serious burden on the export of Canadian grains to the highly competitive world market.

### *The Railway Position*

The elevator system of Western Canada paralleled the growth of the railways. In the early days when the farmer or producer was tied to horse and wagon it was essential that railways, being tremendously efficient by comparison, provide the required feeder service. For this reason, the railways developed a vast network of feeder lines and the grain companies raised their elevators on them. The system was designed for convenient and easy horse wagon haul from the farm to the elevator. To quote the Royal Commission on Transportation,

"Technological superiority over the horse drawn wagon meant that railway services attempted to move so closely to the shipper and consignee or vice versa that the intermediate cartage function from rail head to factory door or farm was small as possible. This meant that stations were closely located and that industrial sidings were common." Page 35, Volume I.

In recent years the truck in almost all cases has usurped rails in the function of feeder service. Rising costs and truck competition have made the branch line situation in Western Canada totally untenable. The Royal Commission in its view on light density lines states,

"We noted that the continuation of rail services on uneconomic branch lines should be supported over a period sufficient to enable the adjustment to be made both in rail investment and investment tied to rail movement. In our view, fifteen years is a reasonable period to expect this process to continue". Page 60, Volume I.

And also,

"The data we have collected on costs and average revenue suggests that it is not unreasonable to assume that railway lines on the average would probably break even with an annual traffic density of One Hundred Thousand net ton miles or Two Hundred Thousand gross ton miles per mile of track. It appears, according to the latest figures made available to us by the management of the two railways that each of them operates about 4,300 miles of track over their systems below the indicated density figures". Page 61, Volume I.

The railway problem in Western Canada is largely due to the cost of maintaining light density lines, rather than the cost of carrying grain. The inefficiency of this transport which burdens other users in other sectors of the economy cannot sensibly be tolerated for long. Again from the Royal Commission on Transportation,

"We are convinced that efficiency in transportation is essential to total efficiency in the Nation. The costs of distribution are already a high part of total production costs, therefore, it is necessary that public policy shall do what it can to promote the efficiency of transportation services." Page 11, Volume II.

And again,

"We conclude, therefore, that efficient transportation should be the objective and measure of public responsibility for the Nation's transportation system". Page 17, Volume II.

Again,

"Despite a marked increase in population and a great increase in economic activity in Canada during the last thirty years, the branch lines of the Canadian railways are not hauling appreciably more goods now than they were at the beginning of this period. The increase in economic activity that may be expected for the future is not likely to change this situation. For the most part the demand will be for main line rather than branch line hauling. Branches when required will usually be the specific industries having to move large tonnages that require little terminal handling. In so far as it can be seen increases in transportation efficiency will be most noticeable on high density movements, and there is no evidence to indicate that this increase in efficiency can be carried over to low density line operations". Page 137, Volume II.

We, it would appear, must accept that the railways will retire now or in the future from feeder service and concentrate on high density and volume long haul traffic. This retirement has begun. It must accelerate. Railway retirement from the feeder function drastically effects the grain industry.

### *Mapping the Industry*

We draw attention to maps of Saskatchewan marked S1, S2 and S3. Map marked S1 shows every rail line and every elevator owned by major line companies in the Province. The Province boasted 1,098 rail located shipping points and 2,886 licensed country elevators in the crop year 61-62. Map marked S2 indicates the rail lines in the Province which will probably be retained for economic reasons. (This map is based solely on the researches by the staff of Barnett-McQueen Company Limited.) This sheet shows a drastic reduction in branch lines and illustrates the crippling effect rail cancellations will have on the industry if not done in an orderly manner and in cooperation with it. Map S-3 illustrates a possible future pattern of 72 grain stations which might prove feasible. Grain stations located as indicated would offer the farmer a much more efficient and concentrated service and at the same time allow him a short motor haul.

Our illustrations graphically point up that the grain industry's attitude to economic and technical change, affecting it and the railway, must be aggressive and inventive. It is obvious that the active cooperation or at least public

recognition of each other's problems, and a planned programme to alleviate them, with the least hardship to each other, is reasonable and intelligent. Active but narrow opposition to railway cancellations is self-defeating.

### Cost of Handling Grain

We have estimated the operating costs of and the revenue accruing to a country elevator based on a composite bushel which approximates the true composite handle of a typical grain company. Our computations show:

Buying margin (commission, handling, flax and rye trading) .....	= 4.183¢ per bushel
Storage margin .....	= 11.750¢ per bushel per annum
Elevator Service Allowance (ESA) ....	= 1.586¢ per composite bushel shipped

(See Appendix 1)

We have estimated the cost of operation of a "Modern" or new elevator of traditional design, basing our figures on a 50,000 bushel elevator with a 40,000 bushel Annex. We have assumed very high storage factors (average percent of storage full over 12 months.)

Cost of Elevator operation per annum .....	\$15,089.21
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(See Appendix 2)

Revenue per annum of operation .....	\$17,481.90
--------------------------------------	-------------

(See Appendix 3)

In further computations we have used Alberta Pool as an example. With an average handle of approximately 60 million bushels and a location in one Province this operation allows us to illustrate the points to be brought out here. (See Map A-1 which shows Alberta Pool as it existed in the crop year 61-62 in the Provinces of Alberta and British Columbia. See Map A-2 which shows the remaining rail lines in Alberta after probable cancellations of the feeder service lines. Map A3 illustrates 27 possible elevator stations which could serve very well the grain growing area of Alberta and Peace River while demanding only a reasonable haul from the producer.

On the basis of 27 stations and an annual handle of 60 million bushels we have built up in Appendix 5 a typical elevator to serve this situation. For purposes of costing we use a turnover factor of 3, and a cost of construction factor of \$1.25 per maximum bushel capacity. The assumption of cost, after checking and doing certain basic plans on the type of elevator, is more than adequate. We have checked very thoroughly mechanical capability of such a plant in handling, receiving and storing the volumes demanded of it with the labour shown. The system is more than feasible.

On the basis of assumptions discussed above and shown in Appendix 4 we find the annual operating cost for a new elevator to fill our needs. We determine also the elevator's revenue.



New elevator concept, annual cost of operation .....	\$137,812.50
(See Appendix 4)	
New elevator concept, annual revenue .....	\$215,021.80
(See Appendix 5)	

Appendix 2 and 3 illustrated a traditional system with very high storage revenue producing in profit 1.77 cent per bushel handled, whereas, our projected system for the Province of Alberta shows a high capacity modern system producing 3.48 cents per bushel, and at the same time containing proportionately less storage volume and receiving less storage revenue. The cases shown are theoretical, but can bear considerable study and indicate the real flexibility and profit potential of a concentrated system based on modern concepts compared to the system now in use (See Graphs 1 & 2, pages 1400-1401).

### *Consideration of Costs*

Most grain companies will soon face serious deficits if the storage hold in Western Canada becomes less than 60% of capacity over 12 months.

Gross storage volumes in Western Canada can stand considerable reduction making elevator turnovers larger. We contend that a turnover factor between 2- $\frac{1}{2}$  and 3- $\frac{1}{2}$  should be sought. Grain people protest that their large storage capacities have been necessary due to large crops and crop carryovers. A study of statistics quickly reveals that much of the storage over the past ten years has been static offering little or no average benefit to the producer and creating a considerable burden to the industry. During the same period the producer has demonstrated an ability to hold static stores of grain on the farm at less cost than when stored in an elevator. In the future should large static storages become necessary because of national or industry policy these can be created at country gathering points as proposed at less cost than is now possible.

The cases illustrated are technically possible and serve to point out that modern material handling technology presently available is dependent on volume handled at any point. As with the railways, efficiency will be most noticeable on high density movements and there is no evidence to indicate that increases in efficiency can be carried over to low handle or small operations. The economies of volume handle are self evident.

The economies of better control, the effects of streamlined administration, and the impact of superior staffs can be imagined. Ancillary profitable producer services in feed, seed, fertilizers, farm supplies etc. made possible by consolidation to planned handling units should not in any study of this brief be forgotten.

### *The Farm*

No study of a revolution in grain handling can be complete without some consideration of the effect of the changing farm picture.

We see two basic and overriding trends effecting the producer. We feel these two trends will continue and intensify for some considerable time in the future.

The first trend is being forced on the producer for economic reasons and is made possible by the mechanization of his labour. This is the move to larger and larger farm units under one management. With the move to larger intensively farmed units owners are becoming business oriented. Farm management will

become more and more sophisticated; and conversely, its political power as a voting block can only decline.

The second trend is toward the urbanization of the farm family. The social, cultural and economic interests of the farm family are now very similar to those of the city dweller. This being the case, it requires a community of some size and economic stature to satisfy the farm family's wants. The family has accepted the necessity of travelling some distance to acceptable communities much as the urban family has accepted the necessity of travel to the supermarket. Motor transport makes this travel simple and convenient. The tiny rural hamlet of fifty years ago is either dead or fast dying. In many cases about all that is left of the original hamlet is the familiar outline of country elevators. The hamlet is being superseded by modern towns much as the little country school has been superseded by the consolidated school and for much the same reasons.

Modernization of elevator systems will, in increasing the producer's haul, add moderately to his costs. Maintenance of the present inefficient elevator and rail systems will soon bring cost penalties to him that he cannot afford.

### Conclusions

In the best interest of the grain companies a system analysis must be made studying the overall handling of grain from farm to export position. It is essential that a master plan be drafted in order to determine the remedies necessary and for the purpose of systematically implementing them over an extended period.

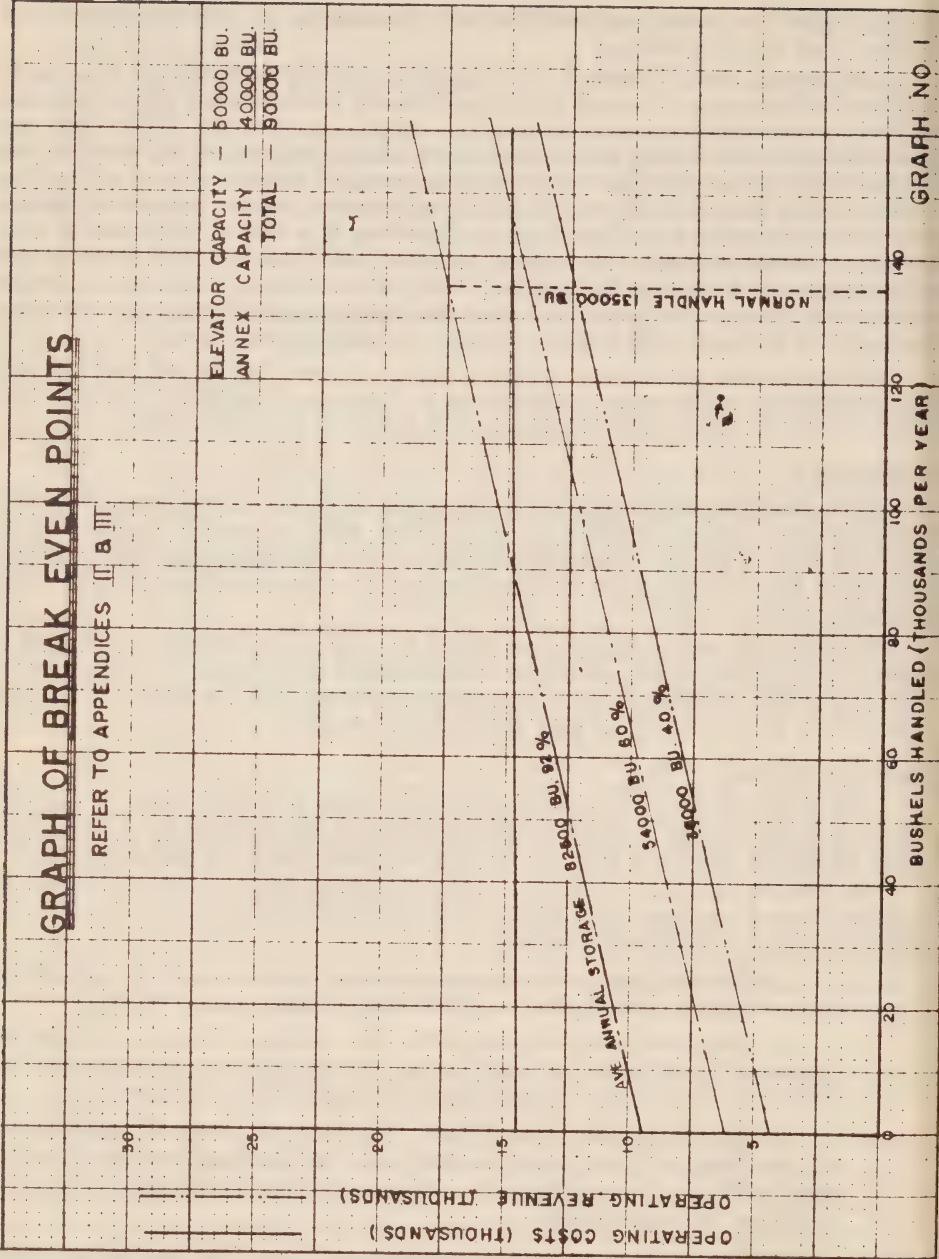
The time for action is now and delays or short term manoeuvres will only serve to make the eventual remedies immeasurably more complicated and costly. The economies available to the industry now are such that the move to modernization may prove of short as well as long term benefit.

### Recommendations

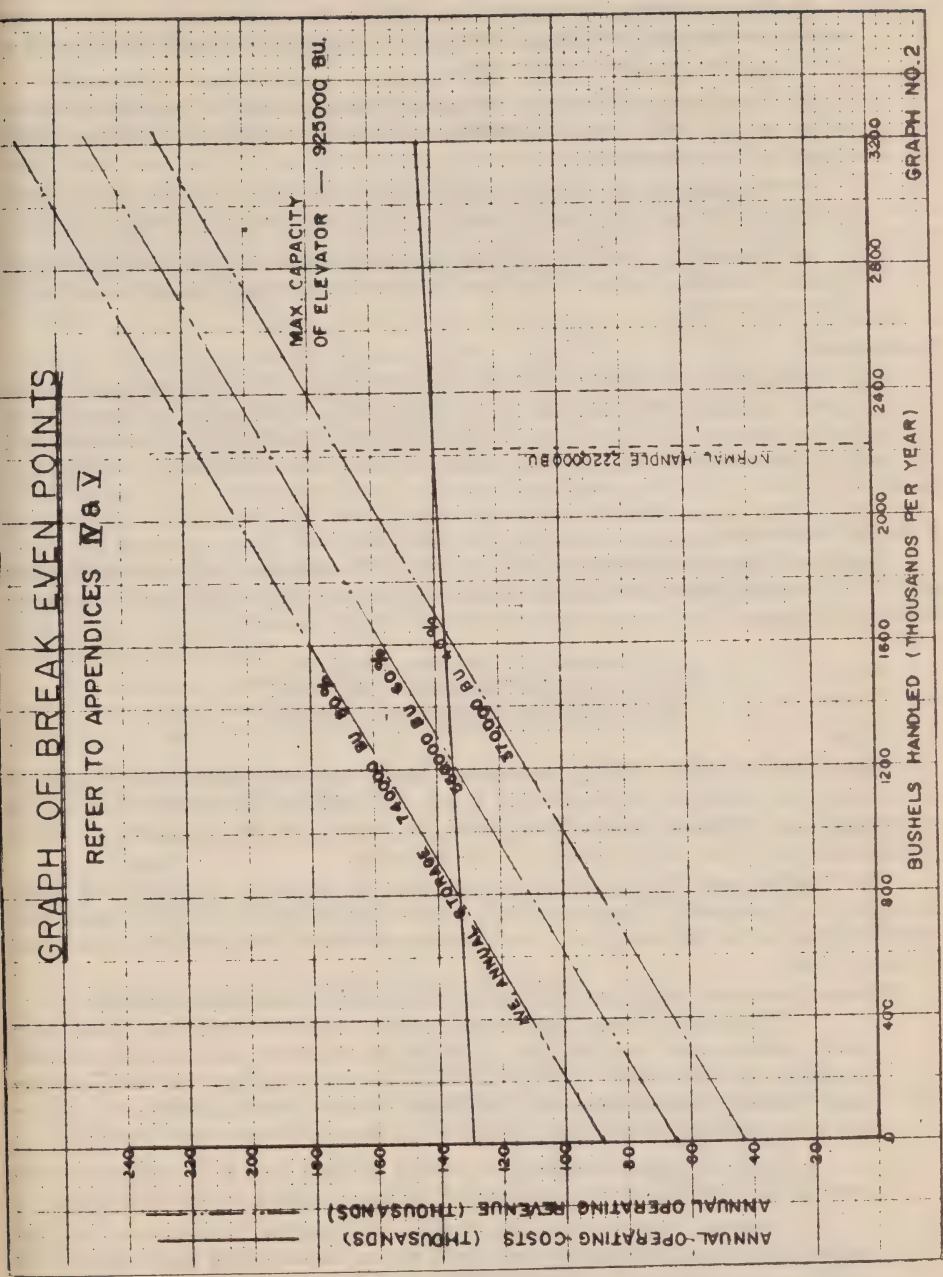
The grain industry occupies an important place in the economy of Canada. Its contribution to the Nation has been determined by the quality of its leadership. Economic pressures now are testing the imagination of management.

We recommend that the industry act now. Long term plans must be made and their terms implemented with dedication. Planning will grow out of negotiations and studies which will include:

1. Efforts to gain common understanding, between as large a group of grain companies as possible, to achieve the broadest possible base.
2. Immediate negotiations with the Railways and the Board of Transport Commissioners to evolve an overall plan and timetable for the systematic cancellation of unnecessary or uneconomic rail lines.
3. Talks with the Wheat Board, the Board of Grain Commissioners and the Federal Government to determine the kind and extent of assistance, which may be available from these agencies, in relieving the capital hardships of consolidation.
4. The drafting of firm timetables and the tight control of their implementation.







5. Programmes by companies and/or the industry to inform the public and the producer in all matters of proposed re-organizations with a view to achieving their acceptance.

6. The determination and mapping of logical trading or grain gathering areas for individual companies or cooperating groups which are best suited to their operation.

7. The acquisition of plant sites within any area, chosen on the basis of customer trends, economic pressures and merchandizing considerations.

8. The design and/or redesign and production of individual existing or new facilities to meet the specific requirements of the area in which they are located.

### *Summation*

Our Company is sincere in the hope that this paper is of interest and value to the grain industry. We believe that third party assistance, at any of the recommended stages, will be of significant value. The results of our research and the skills of our staff are available to assist you and we would deem it a pleasure to serve.

### *Acknowledgements*

Barnett-McQueen Company Limited acknowledges the help and assistance of J. H. Cook and Associates, Calgary, Alberta in the researching and preparation of this paper.

### *Comments re Country Elevators Re: A Paper On The Grain Industry Of Manitoba—Saskatchewan—Alberta*

Dear Sirs:

We take pleasure in writing you again. Since the production of our Paper we have had the privilege of discussing grain problems with management of a major portion of the industry. This letter contains random thoughts on these discussions, and what they portend for the industry.

Most leaders now freely admit the industry faces major changes, and these changes are imminent. Change is not solely the product of threatened rail cancellations, but is the result of a cost revenue squeeze that has been occurring for some time.

The cost revenue relationship is being revealed in the following facts:

1. The cost of handling grain in the traditional way has risen to a point where over the platform loading to railways cars is now almost feasible and desirable to large farms. Certainly, except for the Government subsidy on storage, and the Wheat Board Quota System, the delivery and trading pattern by the large farm would change considerably.

2. Costs of grain handling are rising sharply and will continue to do so with the rising industrial wage and living standard on the Prairies.

3. General increases in the freight or handling rates to allow the retention of the existing system will prove in the long term extremely costly and detrimental to the industry.

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4. Very major consolidation and modernization of the grain handling plant is the only method by which the industry can control its costs.

There are many dangers facing the industry at the present time. The greatest danger is the chance of a general and poorly considered investment of large amounts of capital in traditional grain plant in a frenzy to maintain individual company trading positions. The writer is impressed that this is a very real danger which the leaders of the industry must avoid. Companies are already seeking sites and some are actively constructing plant at points they presume to be keys to the industry. The choice of sites is largely for the purpose of replacing plant when it is lost by rail cancellation, but without a view to major consolidation or technical modernization.

We believe that it may shortly prove impossible for some grain companies to exist as individual entities operating their individual lines. Many companies do not have the concentration within an area to warrant consolidation and without it rising costs will eventually cause their demise. Merged operations by a major segment of the industry seems mandatory.

Believing that the choice of a site is of paramount importance in planning new elevators we take the liberty of attaching here our study entitled "Design and Layout Considerations for a Large Capacity Consolidated Country Elevator". Included also is a plan "Six Acre Site for Modern Country Elevator" which is included to indicate the extent to which an elevator site can be developed. We warn that the plan has no site or company in view but augments the written material by showing possibilities. Our illustrations show the grain elevator as an area farm supply centre.

We and our Associate Engineering Company, V. B. Cook Co. Limited, are doing everything possible to keep abreast of developments. It is our hope to aid management with a comprehensive professional service by:

1. Recommending specific actions for the control of costs and the improvement of service.
2. Supplying studies of potential sites and aiding in the selection of property.
3. Designing necessary structures and mechanical facilities.
4. Constructing plant.

Your reply and criticism is looked forward to.

Yours very truly,

BARNETT-McQUEEN COMPANY LIMITED,

V. B. Cook,  
Chief Engineer.

VBC/nm  
Encl.



## DESIGN AND LAYOUT CONSIDERATIONS

For a

## LARGE CAPACITY CONSOLIDATED COUNTRY ELEVATOR

The following is a list of the essential operations carried on in a typical public Country Elevator.

1. The *assessment* of grade, dockage and moisture. This operation is done by taking samples of the load and using standard weight per measured bushel scales, moisture apparatus and dockage tester.

2. The mechanical *unloading* of all types of vehicles, from small wagon type boxes to the largest semi-trailer units.

3. The *weighing* of the delivered grain to 1/10th of 1 per cent accuracy. The normal function here is to weigh the vehicle full and empty, and to arrive at the grain weight by simple deduction.

4. Necessary *conveying* and elevating of the grain through the structure to its point of deposit.

5. *Storage*. The arrangement and size of bins must allow for storage as graded, subject to grade, special bin, and subject to cleaning, all as laid out by the requirements of the Board of Grain Commissioners for Canada, plus such other types or kinds of storage as the operator may find useful. The storage complex will vary from area to area, and will take into account the number of grains grown, the average variations and grades. The number and size of bins can be determined, to some extent, by a close study of the statistics of grain deliveries in the particular area over a long period.

6. *Withdrawal* of grain from storage by conveying means for the purpose of shipping or relocation.

7. The accurate weighing of grain to 1/10th of 1 per cent for the purposes of shipping, audit, after cleaning or such other purposes as the operator may desire.

8. *Loading* out to railway cars.

*Auxiliary Operations*

Besides the operations above there are, depending on the area, auxiliary operations which may be required to be incorporated in the elevator. These are:

1. The cleaning of grain in order to separate dockage, for return to the farmer or for use in the Company's own feed arrangements, or otherwise and,

2. Seed cleaning as a service to the customer.

*Structure Requirements*

1. The structure must be economically designed and constructed.

2. The structure must be a permanent structure with a figured economic life of 50 years.

3. Materials chosen must lend themselves to being maintenance free over a long life.

4. Arrangement must be such as to allow good natural lighting and ventilation, as well as major allowances for ventilation for any possible dust explosion.

5. All materials must be non-combustible; and electrical, mechanical items must be to as great an extent as possible explosion proof.

6. The arrangement must be capable of physical extension in all its functions.

#### *Operation Requirements*

1. The plant must have the ability to receive grain at a very high rate.

Here we assume a House, capable of 740,000 bushels live storage and a handle annually of 2,220,000 bushels. In such a House the ability to handle 18 to 20 vehicles per hour seems mandatory. This rate, if it can be assumed that the average load will be approximately 200 bushels, will require two weighing and dumping platforms, and will allow a House turnover in approximately 20 days on a 10 hour day basis.

To achieve these rates it is essential that the assessment of grade, dockage etc., as well as the administration of agreement to purchase and payment, or special handle, be done remote from the weigh platforms. Delivery vehicles must stop at a Grading Administration Office for this purpose and after grading proceed to the dump platform where unloading and weighing will occur. After unload the vehicle will return to the office for the finishing of his cash ticket or documentation as required (see illustration). It will be necessary to handle several vehicles at a time for administration. It will be necessary also that all instructions for the handling of the grain originate at this Administration Office and be passed to the weighman, who will have complete control of the flow of grain from his weigh station. Communication between this office and the elevator weighman must be fast and probably include ticket dispatching equipment.

2. Unloading equipment, including truck scaling must be platform dump type of high capacity and capable of dumping all vehicles to the largest semi-trailer units. The unloading operation at each pit must be capable of approximately ten vehicles per hour.

3. Weighing must be semi-automatic, preferably dial reading, self damping and equipped with printing equipment for printing weights gross, wagon and net on cash or storage tickets.

4. Conveying equipment should be high capacity, and where possible, totally enclosed. All conveying equipment must be capable of complete operation and direction from the weighman's console. The weighman must have the ability to control all grain flows, and at the same time the House must be equipped so that fast loading of box cars can occur at the same time that receipt on all receiving legs and weigh platforms is going on. It is essential that the weighing, receiving and storing operating be capable of being handled by one man. It is essential that two men can handle the full mechanical operation of the house, including receiving, storing, drawing off, weighing and shipping.

5. Every attempt must be made to foresee other possible operations such as feedmilling, fertilizer mixing etc. in the elevator complex, and these extensions should be allowed for, if possible, in the layout and use of the mechanical equipment.

*Location*

Considerations for the locating of a consolidated elevator will be many. Below we give the main items under which the general location will be considered, and later the items under which the specific location will be arrived at.

*Considerations for General Location*

1. The concentration and productivity of the farms in the area.
2. The present established road systems and forecasts for future developments.
3. The location of the existing centres of administrative, economic, social and commercial activity within the area.
4. The probable availability of rail services both now and in the future. It is conceivable that there will be established feeder or transfer country elevators in areas not enjoying rail services.
5. The opportunities available to operate allied business in conjunction with the elevator complex. This will probably be in the distribution of basic farm supplies.
6. The competitive situation, that is the location, type, growth and prosperity of elevators of competing companies in the area.

*Considerations for A Specific Site*

1. Economics—land costs, service costs, construction costs, taxes and assessments.
2. Immediate accessibility from highways.
3. Its proximity to a centre of population and urban economic, social and commercial facilities.
4. Its accessibility to one or more railways and their services.
5. The availability of power, water, sewer and fire protection at the site.
6. The availability of sufficient land in one block which will provide for all requirements in the future in grain handling and merchandizing. It is not inconceivable that the initial property should, if available at justifiable costs, be sufficient to allow for the development, sale or the lease of portions to compatible enterprises which would enhance the whole operation (perhaps a bank branch, service station, equipment distributor and shopping centre).
7. There are structural considerations as to the specific site largely in connection with the costs of foundations and pavements.



## SUB-APPENDIX 1

## COUNTRY ELEVATOR MARGINS

It seems to be convenient to consider elevator handlings on the basis of a Composite bushel based on relative volumes handled and arriving at a Composite per bushel revenue.

Assume handling of grain as follows:

Grain	Percent
Wheat .....	68.74
Oats .....	5.31
Barley .....	22.64
Rye .....	0.77
Flax .....	1.66
Rapeseed .....	0.88

These percentages applied to the specified buying margins indicate:

	W	O	B	R	F	R	TOTAL
Commission	0.688	0.033	0.226	0.008	0.017		0.972
Handling	2.062	0.133	0.679	0.023	0.083	0.044	3.024
Flax trading					0.159		0.159
Rye Trading				0.028			0.028
	2.750	0.166	0.905	0.059	0.259	0.044	4.183

Thus the Composite Bushel indicates an earning of 4.183 cents per bushel.

BUYING MARGIN=4.183¢ per bushel

Apply this principle to storage revenue as follows:

Grain	Percent
Wheat .....	68.74
Oats .....	5.31
Barley .....	22.64
	96.69
Rye .....	.77
Flax .....	1.68
Rapeseed .....	.88
	100.0

96.69 per cent of grain stored is stored at 1/30¢ per day, therefore, the total is stored at:

$$96.69 \times \frac{1}{30} - \frac{1}{100} = .0322\text{¢/bushel/day}$$

STORAGE MARGIN = 11.75¢/year

Additional income bid on shipments which we name Elevator Service Allowance varies on distribution of shipments East-West-Mills-Churchill and is assumed to average 1.586¢ per composite bushel shipped.

E.S.A. = 1.586¢/composite bushel shipped.

## SUB-APPENDIX 2

### COUNTRY ELEVATOR OPERATING COSTS

The figures shown in this Appendix are for a typical installation with an elevator of 50 thousand bushels and an attached crib annex of 40 thousand bushels. The elevator we assumed averaged 85% capacity storage and the annex 100% storage or an average store for twelve months of 82,500 bushels. We assume here a handle of 135,000 bushels which is about maximum under the present circumstance of available crop and storage.

#### OPERATING COSTS

##### *Wages and Salaries*

Agent's Salary .....	\$ 3,300.00
Helper's Salary (part time) .....	1,250.00
Casual Labour .....	150.00
Retirement Plan .....	92.04
U.I.C. ....	44.64
Insurance (Group Life) .....	27.00
Profit Bonus .....	300.00
Liability Insurance & Workmen's Compensation .....	49.50

Total Wages and Salaries .....	5,213.18	\$ 5,213.18
--------------------------------	----------	-------------

Agents & Payers bonds per annum .....	23.50
Premium rate, spec. excess bond .....	15.40
License .....	32.25
Licence Tax .....	2.75
Assessments to affiliated associations .....	12.50
Market Quotation Service .....	7.72
Board of Grain License .....	5.00
Winnipeg Grain Exchange .....	1.00
Commission of Oaths .....	1.00
Taxes including Agents Residence .....	870.00
Gas, Oil, Power, etc. ....	301.00
Site Rent .....	25.00

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Repairs, inspection & maintenance (scale etc.) .....	471.00	
Telephone, Postage & Miscellaneous .....	250.00	
Residence Repairs .....	165.00	
	<hr/>	
	2,183.12	
Less: Rent Agent's Residence .....	360.00	
	<hr/>	
	1,823.12	1,823.12
<i>Insurance</i>		
Structure (85,500.00) @ .6348/C .....	542.75	
Grain 1.25/bu/ @ .6348/C .....	654.47	
Residence .....	15.69	
	<hr/>	
	1,212.91	1,212.91
	<hr/>	
Forward .....		8,249.21
<i>Depreciation and Interest</i>		
Depreciation 5% on 85,500.00 .....		4,275.00
Interest 3% on whole amount annually .....		2,565.00
		<hr/>
TOTAL SITE COSTS .....		\$ 15,089.21

## SUB-APPENDIX 3

### COUNTRY ELEVATOR INCOMES

The case shown is as for the typical elevator outlined in Appendix 2.

Storage 12 months average	82,500 bushels
Handle over 12 month period	135,000 bushels

On the basis of existing rates: (Appendix 1)

Handle Revenue	
135,000 bushels @ 4.183¢ .....	\$ 5,647.05
Elevator Service Allowance	
135,000 bushels @ 1.586¢ .....	2,141.10
Storage Margin	
82,500 bushels @ 11.75¢ .....	9,693.75
	<hr/>
	\$ 17,481.90



## SUB-APPENDIX 4

THEORETICAL EXAMINATION  
OF A NEW COUNTRY ELEVATOR SYSTEM*Assumptions*

1. Average yearly handle by the system 60 million bushels
2. Average turnover factor 3
3. Number of elevators 27 (See Map A-3)
4. Average elevator capacity = 60,000,000 ÷ 3 × 27 (spare space)

$$= 740,000 \text{ \& } 185,000 = 925,000 \text{ bu/average elevator}$$

5. Cost of construction  $925,000 \times 1.25 = 1,156,250.00$  per average elevator

*Operating Costs Per Average Elevator**Wages & Salaries*

1. Agent .....	6,000.00 incl. fringes
2. 3/Asst. Agent .....	12,000.00 incl. fringes
3. Casual Labour .....	1,500.00 incl. fringes

\$ 19,500.00

Rent and Taxes ..... 12,000.00

Office and Plant expenses ..... 4,000.00

Bonds, Licenses, Commissions ..... 650.00

Insurance Contents ..... 925,000.00

Structure ..... 1,156,250.00

2,081,250.00 @ 20¢ per C

(based on structures of concrete) ..... 4,162.50

Maintenance and Repair ..... 5,000.00

Depreciation 5% ..... 57,812.50

Interest 3% on whole amount annually ..... 34,687.50

\$ 137,812.50

Change Assumption #5 to 1.00 per bushel

Total Annual Cost ..... \$ 118,850.00

Change Assumption #5 to 75¢ per bushel

Total Annual Cost ..... \$ 99,887.50

SUB-APPENDIX 5

OPERATING REVENUES  
FOR A NEW COUNTRY ELEVATOR SYSTEM

Revenues of Elevator illustrated in Appendix 4 on the basis of existing rates:

Handle revenue = $3 \times 740,000$ @ $4.183\phi$ .....	92,862.60
Elevator Service Allowance = $3 \times 740,000$ @ $1.586\phi$ ..	35,209.20
Storage Margin = $740,000$ @ $11.75\phi$ .....	86,950.00
	<hr/>
	\$215,021.80

(Please see fold out maps at the back of this issue.)

APPENDIX II  
SUBMISSION  
of  
MANITOBA POOL ELEVATORS  
to the  
STANDING COMMITTEE ON AGRICULTURE,  
FORESTRY AND RURAL DEVELOPMENT

Winnipeg, Manitoba,

FEBRUARY 10, 1967.

To the Chairman and Members,  
The Standing Committee on Agriculture,  
Forestry and Rural Development,  
House of Commons,  
Ottawa, Canada.

Gentlemen:

It is my pleasure, on behalf of the membership of Manitoba Pool Elevators, to welcome you to Manitoba and to the City of Winnipeg in which is situated the Head Office of this Co-operative grain-handling company.

This is, I believe, the first time the Standing Committee on Agriculture, Forestry and Rural Development has come to Western Canada to conduct hearings on problems relative to our basic industry of agriculture. I am certain, Mr. Chairman, that the various presentations and the discussion emanating from them will prove enlightening to the members of your committee, and that the results of the findings will be beneficial to Canada.

This submission is made on behalf of 35,000 farmers of Manitoba who constitute the active membership of this company. Manitoba Pool Elevators is wholly owned by 214 local elevator associations scattered throughout the farming areas of Manitoba, and operates in excess of 300 grain elevators in the province. In addition to the operation of country and terminal grain elevators, Manitoba Pool Elevators is also engaged in the manufacture of fertilizer and distribution of farm supplies; in livestock marketing; and in the operation of a meat packing plant located at Brandon, Manitoba.

Because of its involvement in the many areas concerned with the marketing of agricultural products and with serving the needs of the farmer-members, Manitoba Pool Elevators makes this submission not only as a grain handling organization but as a representative of much of the agricultural industry of the province. The contents of this modest brief as presented for your consideration deals with a relatively few but nevertheless important conditions which affect



the agricultural industry and the economic and social position of the farmers of Manitoba:

1. Grain production, handling and marketing
2. Labor-Management—The Canada Labor (Standards) Code
3. Review of the present grain-grading system
4. Transportation—Bill C-231
5. Feed Grains:
  - (a) Government freight assistance policy
  - (b) Livestock Feed Grains Board
  - (c) research in feed grains
6. Regional development

## GRAIN PRODUCTION, HANDLING AND MARKETING

### *Production*

Western Canada has been favoured with above average grain crops for some two decades, culminating in a wheat yield of 850 million bushels in 1965. Assuming ever increasing world demand, the prairie provinces could, with favorable climatic conditions coupled with improved wheat varieties, tillage methods and greater use of fertilizer, realize a production potential approaching one billion bushels. In addition, increased demands for feed grains—both domestic and foreign—will doubtless result in larger volumes being handled through grain channels.

Should these factors materialize, there will doubtless develop acute problems in the handling and storing of grain at country and terminal elevators; in the transportation of grain to lake-head or ocean ports; and in the merchandising problems relative to an ever growing consumer demand of varying quality preferences.

Even if our grain outturn does not appreciably increase, technological developments in all areas of production, handling and marketing of Canadian grain is such that the entire process will require constant research and review.

### *Handling*

A large percentage of both country and terminal elevators are becoming obsolete. Some 75 per cent of all country elevators now in use were constructed prior to 1940, and many of them prior to 1920. In total elevator lines require enormous repair or renewal programs. Handling tariffs alone do not permit sufficient return on invested capital to allow carrying out an extensive modernization program.

If the tempo of grain moving into export channels continues to accelerate, storage earnings will automatically decrease and compel an increase in handling tariffs.

It should be noted that country elevator earnings are from two main sources:

- (a) Handling tariffs
- (b) Storage

Manitoba Pool Elevators' country elevator operating costs, including depreciation, approximate 7.0 cents per bushel. The Canadian Wheat Board handling agreement is  $4\frac{1}{2}$  cents for wheat and barley and  $3\frac{1}{2}$  cents for oats. Consequently, handling tariffs fall short of a break-even figure by 2.5 cents to 3.5 cents per bushel. The storage revenue of the 1965-66 crop year for Manitoba Pool Elevators was 2.2 cents per bushel related to total grain receipts.

Country elevator construction costs, which averaged about \$1.00 per bushel in 1957, are nearing the \$2.00 per bushel mark in 1967. Much the same comparative cost figure can be shown for elevator operating expenses, due mainly to heavy real estate tax increases; repair and maintenance costs; revised salary schedules, and incidental expense items.

We wish to point out that any arbitrary restriction in hours of work will increase the labour cost content. In today's labour market good working conditions are necessary to attract competent elevator managers, and we are having to include such items as dust control machinery in our elevators as well as provide a certain amount of subsidy for modern housing conditions for the manager and his family.

### *Country Elevators*

Manitoba Pool Elevators will spend approximately \$2 million this coming year on major maintenance, modernization and replacement of country elevator facilities. This program must continue for several years at this level if the present elevator system is to be adequately maintained.

Acceleration of rail line abandonment and increasing costs of labor, materials and machinery will extend this annual expenditure and prolong the program beyond the foreseeable future. Based on a future average annual handle of 50 million bushels, this \$2 million outlay is equal to 4 cents per bushel per year.

Numerous examples of the need for major expenditures can be found at most of our grain delivery points in this province. For instance, many farm trucks delivering grain today are rated at 5-ton capacity compared to the half-ton or one-ton truck of ten to twenty years ago. A ten-ton scale costing about \$1,000 was standard equipment for the 1930 elevator, while the 30-ton scale now required for the larger trucks costs approximately \$6,000. Dust removal equipment and storage tanks not in use twenty years ago are now considered necessary equipment in most country elevators where owners are desirous of employing competent managerial staff. Electric box car spotters and faster elevating machinery may also be cited as additional equipment now considered essential.

### *Terminals*

In May 1963 Manitoba Pool Elevators completed construction of Pool Terminal No. 1 at Port Arthur, Ontario. This elevator has a capacity of 6 million bushels (which includes  $1\frac{1}{2}$  million bushels of former storage facility) and was built at a cost of approximately \$10 million. This was a major undertaking for a relatively small company such as Manitoba Pool Elevators, having country elevators located and concentrated in the grain growing areas of Manitoba.

This was the first new elevator or major construction undertaken at the Lakehead since 1928, and our experience since has fully justified the risk taken

at the time. This facility has a modern up-to-date workhouse, and is equipped to load the largest great lakes or ocean-going vessels in the most expeditious manner. We spent some \$15,000 dredging the slip and channel out to deep water—both Federal government property.

This elevator has handled slightly over 100 million bushels of wheat since coming into operation, in addition to substantial quantities of oats and flax. I believe this is approximately 9% of all the wheat shipped from the Lakehead since June 1963, and I have heard the Chairman of the Wheat Board make the comment that it was quite doubtful if Canada could have exported as much as she did during the last two or three years had it not been for this particular terminal. There is no doubt that the additional drying facilities in this terminal in the crop year 1965-66 aided greatly in drying and salvaging hundreds of thousands of bushels of damp grain, to the great benefit of the producers.

The Board of Directors of Manitoba Pool Elevators has, for the crop year 1966-67, authorized a capital expenditure of \$600,000 for installation of a mechanical dumper at Pool 3 with a rated capacity to unload 12 box cars per hour with a minimum of labor requirement. In addition we are required to authorize an expenditure in excess of \$500,000 in the modernization of some of the electrical equipment as required in Terminal No. 3 by the Department of Labour. In total, over the past seven years we have made capital expenditures amounting to \$13,000,000.

I recite these figures, Mr. Chairman, so that your committee may comprehend the magnitude and importance of the grain handling facilities both in the country and at the Lakehead. I think I am quite modest when I claim that the farmers' co-operative companies led the way in modernization and preparation for Canada's anticipated grain export requirements. Incidentally, we have done this on our own resources, without any government assistance.

Bill C-126, the Canada Labour Code, stipulating minimum wages and hours of work gives no concern in respect to terminal elevators' employees as to *rates of pay* because our established rate is very much higher than anything contemplated in the Act. However, I must point out that the stipulation in respect to *hours of work* could have a very significant effect on the efficiency and costs of operation of the elevators, and particularly our ability to load grain into vessels.

We are quite prepared to pay the overtime. This is already provided for in our contract with the Labour Union, but restricting the hours the men may work per day or week would, in our opinion, seriously interfere with loading vessels and permitting their quick despatch. Boats do not present themselves in regular pre-determined schedules. To delay one overnight when another half hour or hour would have completed the loading seems an unnecessary restriction.

Our experience has always been that the men wanted the extra work and the overtime. This is evidenced by the fact that they and the Union supervisors closely scrutinize the overtime granted to the different employees to make sure that each one has an equal chance to earn the additional money.

The elevator companies have asked for a deferment of the regulations provided in Bill C-126. In the meantime, we are endeavoring to devise a policy which conforms with the Act. We deplore the restrictive provisions of the Act which inhibit the economical and expeditious movement of grain. We note that



the hours of work provisions are in conflict with our Union agreement; therefore we recommend that the Canada Labour (Standards) Code be amended permitting the employer and its Union to negotiate a contract.

## MARKETING

### *The Canadian Wheat Board*

Manitoba Pool Elevators whole heartedly support the principles and marketing practices of The Canadian Wheat Board. Exports of wheat have proven to be one of the important bulwarks in the Canadian balance of international trade. Large forward contract sales involving intermediary credit arrangements are such that the involvement of the Federal government and its treasury is imperative to such transactions.

Canada exports about three-quarters of its entire wheat output, which in some years has exceeded 500 million bushels. To move this quantity of grain from farms into export channels requires a tremendous detail of planning from the country and terminal elevator level, through the transportation system by rail and water. Consequently a degree of control is required, and this can be most efficiently regulated by an authority such as the Canadian Wheat Board.

The marketing practices of the Canadian Wheat Board, combined with the grain grading and elevator handling regulations under the Board of Grain Commissioners for Canada, make a very efficient system from the point of view of the foreign importer, and a most satisfactory system for the western farmer.

The degree to which the Wheat Board method of marketing is approved by members of Manitoba Pool Elevators may be judged by the results of the plebiscite which was conducted by the Manitoba government in 1951. At this time Manitoba farmers voted by the overwhelming majority of 89.5 per cent to include oats and barley under Board operations. In addition, for the past several years resolutions have been passed at the annual meeting of Manitoba Pool Elevators asking that the Federal government include rye, flax and rapeseed under Board operations. Although these grains do not in total amount to a very large percentage of the grains now handled by the Board, their inclusion is important insofar as quota deliveries are concerned.

Pursuant to the points mentioned, the provisions of the Canadian Wheat Board Act allow, by Order-in-Council for fixing initial prices for wheat, oats and barley each crop year, which is, in effect, a floor price (less freight and handling charges). The Board also regulates, through a quota system, the deliveries of grain to country elevators, and hence to terminals for export. Thus the "pipeline" is—insofar as possible—filled with the kinds and grades of grain for which there is demand, and which in turn assists the transportation system to move the large amounts of grain into export position. The quota system of deliveries allows all producers to share equally in the available storage space which, in years of limited deliveries, is of utmost importance to the individual farmer's credit arrangements.

The Federal government has facilitated credit sales of grain under the Export Credits Insurance Act, which allows Canada to make favorable arrangements for forward sales of large quantities of wheat. The forward agreements in turn provide some guidance to the western farmer when planning his cropping program and purchasing the farm inputs such as fertilizer; all of which assists in

the "productivity for profit" at the farm level, and adds an important measure of stability to the farm business.

Finally, Mr. Chairman, I wish to remind the committee that almost the complete cost of operating the Canadian Wheat Board is borne by the grain farmers of western Canada—the exception being taken care of under the "Temporary Wheat Reserves Act", whereby the carrying charges on the quantity of wheat in the hands of the Board on July 31st of each year (which is in excess of 178 million bushels) is paid for by the Federal government. With this exception, and only after all Board operating costs have been allowed for, is the final payment allocated to the permit holder.

#### *The International Wheat Agreement*

International Wheat Agreements have been negotiated in the years 1953, 1956, 1959 and 1962. In all these negotiations the Canadian Wheat Board has been represented and consulted in regard to the technical aspect of the agreement and, since August 1st, 1949, the Wheat Board has represented Canada in the administration of Canadian participation in the earlier agreements.

This point is noted to emphasize again the importance of the Wheat Board, not only in the internal regulations of grain handling but also at the international level, in which arenas negotiations are of such importance to the Western Canadian grain producer.

It can generally be conceded that wheat production costs have materially increased since the last International Wheat Agreement was signed on July 31, 1962. Resolutions from various farm organizations in Western Canada have unanimously approved a request for a substantial increase in the minimum and maximum prices of the present agreement, which were set at \$1.62½ and \$2.02½ per bushel, respectively, under the old agreement (basis American funds at Lakehead, No. 1 Northern Canadian).

Manitoba Pool Elevators fully endorses the request that the Canadian Government press for and ratify a new International Wheat Agreement at a substantially higher figure.

#### LABOUR MANAGEMENT—THE CANADA LABOUR (STANDARDS) CODE

##### *Labour-Management Court*

In the past several years labour strikes at the various levels of grain handling and transportation have proven costly to the Western grain producer and, indeed, to the entire economy of this country.

Wheat exports are one of the largest dollar-earning commodities in Canadian commerce, and as such one of our most important exports. Large-scale forward contracts promising delivery two or three years in advance are being hampered every few months by work stoppages of one kind or another. The effects of these strikes imposed on the entire society by a relatively few workers is far-reaching and costly. Some strikes have not only hampered the movement of grain but have thrown innumerable impartial wage earners out of work for lengthy periods.

For several years the western Wheat Pools have proposed that the Federal Government set up a Labour-Management Court similar to the Swedish or the Australian system of national mediation service.

Experience in these two countries has indicated a minimum of work stoppages and a general improvement in labour management relations. Manitoba Pool Elevators will give whole-hearted support to legislation setting up a Labour-Management Court for Canada.

*The Canada Labour (Standards) Code* with four general areas affecting the employment of individuals. These are:

Part I—Hours of Work

Part II—Minimum Wages

Part III—Annual Vacations

Part IV—General Holidays

Parts II, III and IV have presented no significant difficulties to Manitoba Pool Elevators. Part I, however, is a different matter.

In most divisions of the company we had already established hours of work equal or better than those stipulated in the Code. However, two main areas of work required special attention in respect to application of the Code. These were: Country Grain Elevators and our Construction and Repair Department.

The hours of work of our Construction and Repair Department are to be changed to comply with the dictates of the Code.

Regulating the hours of work of Country Elevator Managers however, seems to us to be an impossible task. We contend first that these men do perform managerial functions. It is unfortunate that Section 3, Paragraph 3 of the Code did not include Country Grain Elevator Agents along with Managers and Superintendents. We contend that our Country Elevator Agents are Managers because:

(a) They have the right to employ and terminate the employment of temporary employees as required.

(b) Each of these men is responsible for the operations of a plant costing in the neighborhood of \$100,000. Elevator Managers are located at approximately 240 different towns in Manitoba and work with a considerable amount of freedom, subject onyl to various Federal regulations and periodic supervision from Travelling Superintendents, consisting on the average of one visit per month.

(c) Elevator Managers deal with the public at large and in some cases have approximately 700 patrons.

(d) They are responsible for the grading, weighing and docking of all grain delivered to their respective elevators. It is their responsibility to pay each patron the correct amount of money for his grain at the time of delivery. The method of payment is in the form of a cash ticket, which is a negotiable document. In the course of a year a Country Elevator Manager is responsible for the payment of approximately \$250,000 for grain purchased by him. This is an average figure only, and at larger grain delivery points Country Elevator Managers are responsible for the payment of \$650,000 to \$750,000 in one year. The method of payment is by a hand-written cash ticket containing *only* the Manager's signature.

(e) They are responsible for the stocking and selling of farm supplies, machinery, chemicals, seed and fertilizer, for which they are paid commissions in addition to their regular salaries.



(f) These men are subject to the dictates of the Canada Grain Act and its regulations as administered by the Board of Grain Commissioners. The Managers must be licensed by the Board of Grain Commissioners; are subject to periodic audits; and must adhere to stringent regulations established by the Board in respect to overages and shortages.

Should their audits show grain in excess of the permissible amounts, they are brought before the Board of Grain Commissioners to explain the reasons for averages. Subject to the decisions of the Board of Grain Commissioners their licenses can be cancelled, which would mean they could no longer hold the position of a Country Elevator Manager. Further, certain regulations of the Canada Grain Act could place these Managers' bonds in jeopardy and make them subject to fine or imprisonment.

(g) They are also responsible for the granting of credit to patrons and the making of collections.

(h) Unlike most company requirements whereby signatures of two officials constitute the legal transaction, the Canada Grain Act requires only the signature of the Elevator Manager to honor a cash ticket—which at times amounts to several thousand dollars. This fact provides added responsibilities to the duties of the Elevator Manager which are not inherent in the practices of most companies in Canada.

In addition to the managerial function inherent in the responsibilities of a Country Elevator Agent, we wish to bring to your attention the following problems:

(a) To restrict the Elevator Manager's work would militate against the requests of the Canadian Wheat Board for rapid shipment of grain required to meet export sales commitments. Compounding this problem is the fact that they are subject to the various schedules established by the railways for the spotting of box cars at country elevators. For example: box cars may be spotted at an elevator at 5 p.m. on any given day and these cars must be loaded by 8 a.m. the following day if they are to be picked up by the return weekly freight train. Should a Manager not comply with this type of schedule he may not have another box car spotted at his elevator for perhaps a week; consequently his shipments to the Lakehead would be curtailed. When we consider the number of elevators similarly affected it is apparent the degree to which our export sales would suffer. Canada's wheat exports are of paramount importance to the entire economy of this country. Consequently any restriction which tends to impede and slow down movement of grain cannot but have detrimental effects. The grain transportation system is now geared to a continuous flow of grain from country to export positions in order to meet the deliveries of our forward contract sales. The Elevator Manager cannot adhere to rigid hours of work as determined by the Code and continue to keep grain moving.

(b) The work of an Elevator Agent is seasonal and subject to weather conditions. Even during the busy harvest seasons an Agent could find himself idled by inclement weather for days or weeks. When the weather improved he would find it necessary to work fairly long

hours in order to give adequate service to his patrons and to comply with shipping orders established by the Canadian Wheat Board.

(c) The matter of restricted hours of work has been discussed with a random group of Elevator Agents who have informed us that they do not want such restrictions. They agreed that at certain times of the year they must work excessive hours, but they also pointed out to us that because of the nature of their work they are able to attend various bonspiels, community events and other activities such as hunting. These activities necessitate their being absent from their work for a varying period of time, but such leave is not generally considered to be part of their vacation.

One further problem in this connection is the question of who would be responsible for keeping the Manager's time sheet? His immediate superior is the Travelling Superintendent, who may call at the elevator about once per month and consequently cannot be held responsible. This leaves the Elevator Manager as the sole recorder of his own hours of work, and therefore places him in an embarrassing, if not impossible, position in recording overtime.

We believe the best way to deal with the problem of applying the Canada Labor (Standards) Code to the hours of work of a Country Grain Elevator Agent would be to amend Section 3 of the Code to include Country Grain Elevator Operators as Managers. This would not only be in keeping with the fact that they are Managers, but would prevent delays in meeting export commitments of the Canadian Wheat Board.

#### REVIEW OF THE PRESENT GRAIN GRADING SYSTEM

Western Canada has for many decades enjoyed natural advantages in the production of high quality grains—especially bread wheats. The grain trade and producers, in co-operation with the Federal government, have developed a very extensive and efficient system of bulk handling grain in both country and terminal elevators. In addition a comprehensive grading system enables foreign importers to purchase cargoes of grain "sight unseen" with confidence that the delivered product will be equal to the grade designated.

The Canada Grain Act defines the various categories of statutory and commercial Western Canada grain grades. The operations of both country and terminal elevators are regulated under the terms of the Canada Grain Act by the Board of Grain Commissioners for Canada. A "certificate final" issued by this Board at time of shipment is the importer's guarantee that the cargo is of a quality equal to, or better than, the grade specified. The methods of receiving and loading out grain have worked well. Our inspection system is one that is understood by thousands of people engaged in the physical handling of our grain and has also been found acceptable to most importers of our grain. However, in a world of progress, where new scientific techniques are the order of the day; where new methods of grain production, storage and milling are being practiced; and where the eating habits of people in many countries of the world are continually changing, it is only to be expected that our grain grading system may also require periodic revision.

Partially due to the former but now obsolete methods of harvesting, and partially to the great amounts of plant nutrients formerly stored in prairie soils over eons of time, pioneer Western Canadian farmers were able to produce a large proportion of wheat grading No. 1 Hard and Nos. 1 and 2 Northern. These grades, in reality, paved the way for the world-wide acceptance of "quality" for our wheat.

The percentage of delivery of No. 1 Manitoba Hard has become insignificant since the advent of the combine. Deliveries of No. 1 and No. 2 Northern vary greatly, depending on growing and harvesting conditions. These top grades have long been in demand by Great Britain and Western European countries for blending with their domestic wheats to strengthen and improve the texture of the bread loaf. New milling methods may have recently decreased to some extent the requirement for these top quality wheats; while at the same time, markets in the Middle and Far East, and in Latin America, have developed which do not require top Canadian grades. In many cases these importing countries are much more interested in price than in grade. In general they are more concerned with the inconsistencies in protein and basic export standards, and with the relatively high moisture content of our grain in comparison to that available from some other countries.

The old adage that the customer is always right is also effective insofar as grain sales are concerned. We now have customers in most parts of the world. Different areas have different requirements; therefore, if changes are to be considered they should be carried out only after much careful research and examination of the whole grading and marketing complex and the impact on the producer at home and the importer abroad.

To this end it should be noted that an "Advisory Committee on Grain Handling and Grading" has recently been appointed to assist the Board of Grain Commissioners in reviewing the present statutory and commercial grain grading system.

Manitoba Pool Elevators whole-heartedly supports this study and has, in fact, appointed its General Manager as a representative of the committee. It would seem advisable that such items as the "inconsistency of basic export standard shipments", merchandising of the top four statutory grades at terminal level, moisture content and related problems in grading and handling should be reviewed.

#### TRANSPORTATION—BILL C-231

The proposed Bill C-120, dealing with a national transportation policy, allowed for branch line abandonment on a piecemeal basis which would have proven very unsatisfactory to grain producers and costly for grain companies and other local enterprises. Bill C-120 died on the order paper, and Bill C-231 was substituted. With relatively few exceptions this Bill is now acceptable to the agricultural community of Manitoba.

Manitoba farmers are relieved that the new Bill includes provisions whereby—through statutory declaration—certain branch lines are frozen until 1975. They are appreciative of having the opportunity of presenting their arguments for retention of those branch lines unprotected by Bill C-231. The one point of contention in this connection is the method of receiving and analyzing costing systems presented by the railways to the Transport Commission.



Our understanding is that the Commission will judge the merits of the railways' case for subsidy based on a costing analysis prepared by the railway companies and presumably examined by the Commission. Subsequently the Commission will determine whether a certain line is to be considered a candidate for abandonment. Our reservation is that the Act now precludes the local community representatives having the opportunity of analyzing costing systems or presenting arguments for branch line rationalization.

One further point might be recorded. It would seem advisable that close liaison between the Transport Commission and the provincial government of Manitoba be maintained. Provincial and municipal governments of this province require time to provide other avenues of transportation to market centres.

In conclusion it should be reiterated that Manitoba Pool Elevators strongly supports the principle of maintaining the Crow's Nest Pass statutory rates as an instrument of national policy under control of parliament. Nothing has materialized to prove that the rates are non-compensatory, therefore we do not consider the matter relevant for discussion at this time.

#### FEED GRAINS

##### *Feed Freight Assistance Policy.*

Western Canada has in general supported the principles of freight assistance for feed grains to eastern Canada and British Columbia since it was inaugurated as a World War II policy in 1941. Technological developments in agriculture have in the past decade possibly lessened the need for this assistance. For instance, Ontario has greatly increased its corn production and is rapidly becoming self-sufficient in feed grains. On the other hand, western Canada—and in particular the Province of Manitoba—is looking toward a substantial increase in livestock and poultry numbers, which will doubtless create a greater domestic market for feed grains in this province.

At the Seventh Annual Meeting of the National Farm and Business Forum held in Winnipeg in March of 1966 the representative for Ontario questioned the advisability or necessity of continuing the policy, citing that the aim of his province was to be almost self-sufficient in production of feed grains. Quebec's representative suggested that both the freight assistance policy and the Livestock Feed Board be eliminated in return for a free market for western feed grains. The Maritimes, on the other hand, were adamant in their stand to retain both policies. Obviously, there is not general approval for either the retention or cancellation of the freight assistance policy.

The 1965-66 economic analysis of the Feed Freight assistance policy carried out by the Agricultural Economics Research Council of Canada, concludes that there is no possibility of an increase in national income arising out of a policy such as a feed-freight assistance program.

##### *Livestock Feed Board*

The passage of Bill C-218, cited as the "Livestock Feed Assistance Act", may also have lessened the need for freight assistance. Under Bill C-218 the "Livestock Feed Board" as a Federal government agency will purchase its supplies at prices determined by the Canadian Wheat Board.

The two Crown boards operate under different ministries of the Federal government, and difficulties of price determination which will satisfy both the grain producers of western Canada and the feed grain buyer of eastern Canada or B.C. may materialize. While it is too soon to determine whether these separate boards can in fact function harmoniously and satisfactorily, it is proper at this time to point out that certain reservations do exist among some Western farm organizations.

As a wartime measure, in the interests of maximum production of livestock products, Manitoba Pool Elevators endorsed and supported the feed freight assistance policy, and has continued to support it until the present time. However, I must point out that many livestock and poultry producers in Manitoba feel that the freight assistance policy on feed grains does in some measure militate against their enterprises in the west. To the extent that feed freight assistance encourages increased production and lessens production costs in the east, the western producer's competitive advantage is proportionately lessened. Finished poultry and meat products from the west must bear the total cost of transportation to the eastern deficit market. On the other hand, the producer of cash feed grains in the west obtains some advantage in the eastern market by virtue of the feed freight assistance policy.

Government controls have much to offer in many areas of agricultural trade. Some agricultural products lend themselves to one type of marketing technique while others require a different treatment. Technological developments tend to change these requirements. Periodic review would appear to be useful.

#### *Research in Feed Grains*

The production of feed grain in western Canada appears to have lagged behind other sectors of our agriculture industry. In particular, varieties of feed barley have not produced yields considered economically competitive. Possibly we have over-emphasized malting barley production at the expense of the feed types.

Manitoba is well suited to the production of special crops, and a considerable acreage has in past years been sown to sugar beets, sunflower and rapeseed. We believe more corn and soya beans could be produced and possibly a much larger acreage of potatoes and other vegetables.

The development of this province can be appreciably enhanced by a more intensive type of agriculture. Greater demand for foodstuffs of all kinds seems evident. Higher standards of living are gradually increasing the demand for meat at home and abroad. To improve our position in respect to livestock production a great deal of research must be carried out relative to grazing and feed grain output.

We suggest a crash program should be immediately started which will include research in corn, soya beans and feed barley varieties more suited to our climate. Doubtless expenditures on other feed grain types such as 'Triticale' would be a sound investment. The demand for feed grains from Europe, Japan and other countries where higher living standards are creating markets for livestock and poultry products will doubtless increase. Manitoba should, and must, be prepared for such eventualities.

The time for Federal and Provincial governments to invest in well planned research programs for the purposes herein outlined is now at hand. Mr. Chairman and members of the Committee, may we ask your earnest consideration of this suggestion.

### REGIONAL DEVELOPMENT

It is a recognized function of government policy, in industrial as well as in farm sectors of the economy, to stimulate productivity through policies of providing direct grants and assistance. This is a field in which joint action and joint sharing of costs by federal and provincial governments is appropriate.

The successful program of the future must have two main ingredients—research on the one hand, and education and skill training on the other. This is an area in which the new Federal Department of Manpower should prove very beneficial, and every avenue for successful Federal-Provincial co-ordination of manpower development should be explored.

Several plans have, in fact, been put forward in the last decade for development of marginal areas in various parts of Canada. For instance, we have the Federal Agricultural Rehabilitation and Development Act program and the Area Development Act, both of which are designated as measures to create employment by developing the agriculture industry, and the industries servicing agriculture. The ADA program in particular appears to have primed an industrial expansion in several formerly depressed areas of this province.

Initially ARDA was designed to promote alternate uses of land classification, increase employment opportunities in rural areas, encourage soil and water conservation, and undertake research projects to determine the most productive uses of rural resources. On a limited basis ARDA is correlating policies of development in certain areas of the province, but there appears to be an apparent lack of positive and aggressive action in launching a truly effective program as provided for in the Act.

The Manitoba Development Fund too has given impetus to a number of small industries and a few fairly large manufacturing concerns. In general, however, the province is not developing large-scale heavy industry and therefore not attracting people within its borders in any appreciable numbers. Perhaps it is not possible for Manitoba to become industrially oriented to heavy industry.

Situated in the central section of this far-flung country it may not be realistic to expect great industrial complexes to locate in this region. This type of industrial complex will doubtless locate where the largest markets are available, and consequently where the majority of the population is now or is likely to be situated.

This does not mean that Manitoba will eventually become a depressed area—in fact the opposite could, we believe, be realized. Although this province does not have a large agricultural acreage in comparison to our sister prairie provinces, it is blessed with very fertile and productive soils, a plentiful supply of water, and relatively cheap electric power—all of which are essential to greater productivity in farming.



Special crops, irrigation, livestock production, and a generally intensive type of agriculture can make this a very prosperous region of Canada. The service industries required by intensive agriculture are many and varied. They require a great many skilled employees, most of whom in one way or another would become a part of the Agribusiness complex.

To carry out this program to the best advantage Manitoba needs a crash research program in several areas of agricultural endeavor. For instance, we require high yielding corn and soya bean varieties of early maturity to match our frost-free cropping period. We need better quality and higher yielding feed barleys for livestock feeding at home and for export abroad. Possibly new grains such as Triticale, which is being developed at the University of Manitoba (and for which research Manitoba Pool Elevators has contributed some \$60,000 in the past ten years) might provide part of the solution.

We require also much more research on fertilizers, soil management and farm management generally. Today's farmers could use more advice in farm accounting, better use of long-term, intermediate and short-term credit, and judicious use of farm inputs to maximize production for profit.

Finally, we believe it should be pointed out that heavy industry, surrounded by densely populated areas, does not necessarily result in the highest standards of living for the individual. For instance the central areas of the United States, which are primarily agricultural, have a comparatively limited population and a standard of living not duplicated in any region of the world. With a well-planned program it is quite possible for the citizens of Manitoba in the foreseeable future to reach or surpass this enviable goal.







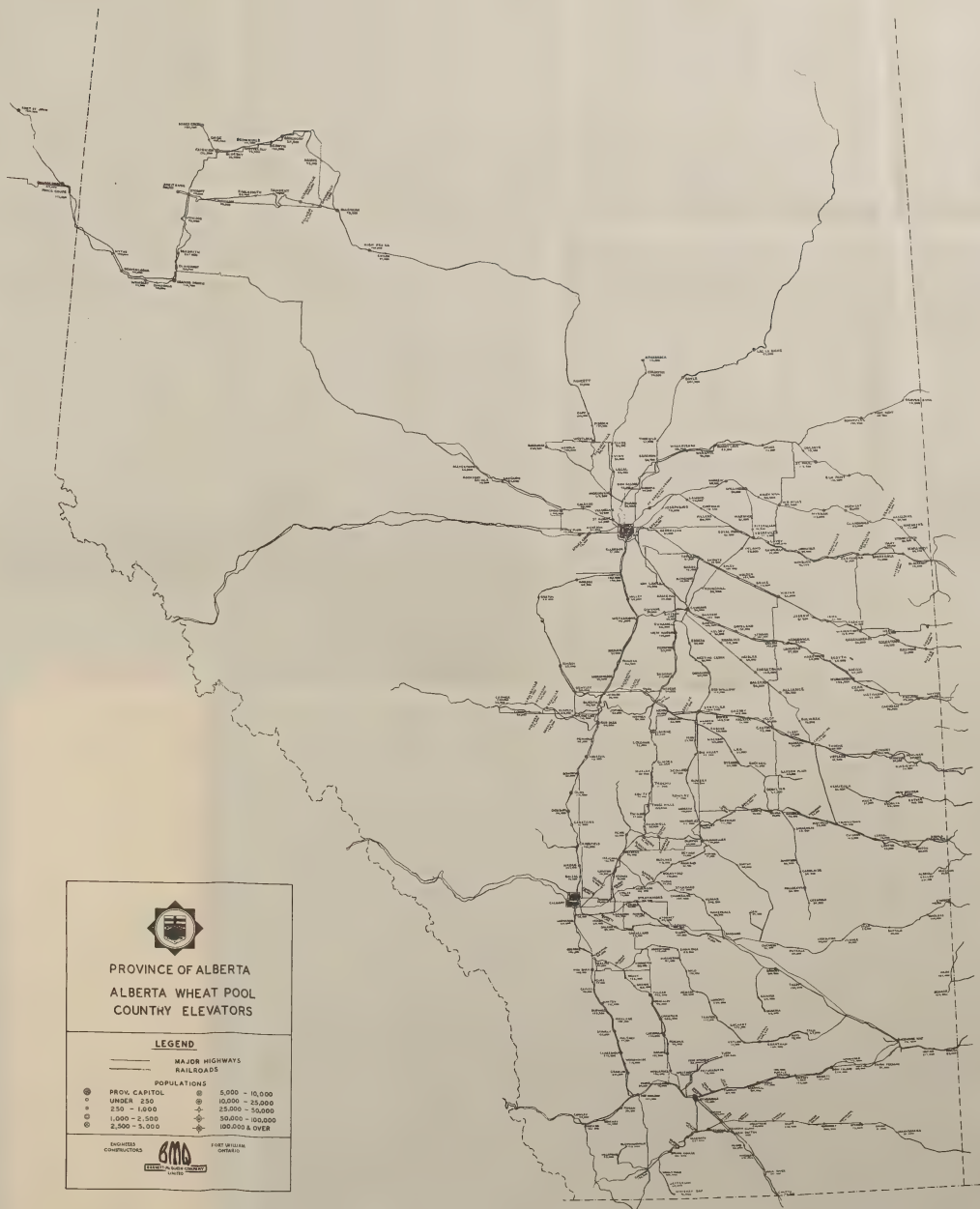
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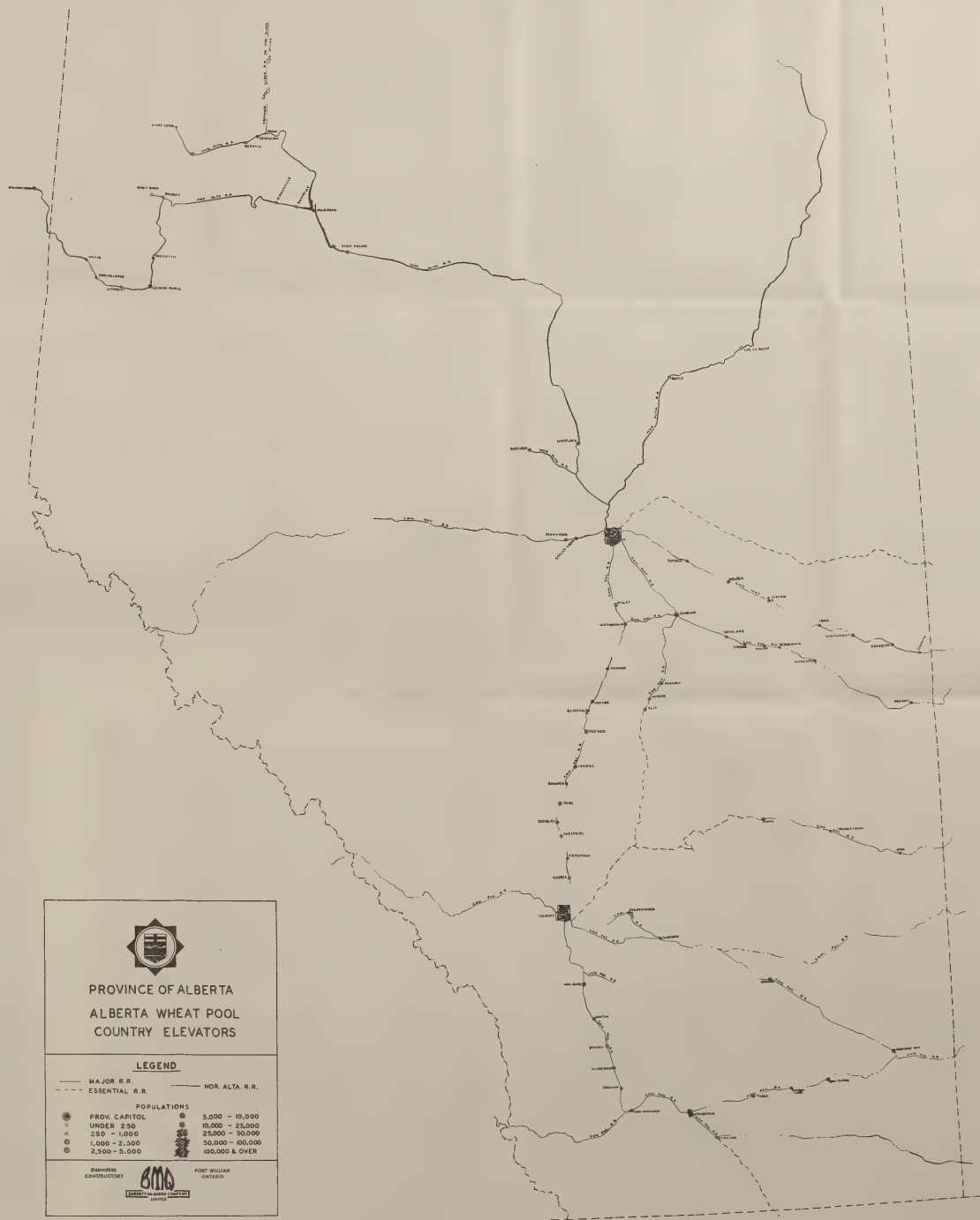
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*The Clerk of the House.*

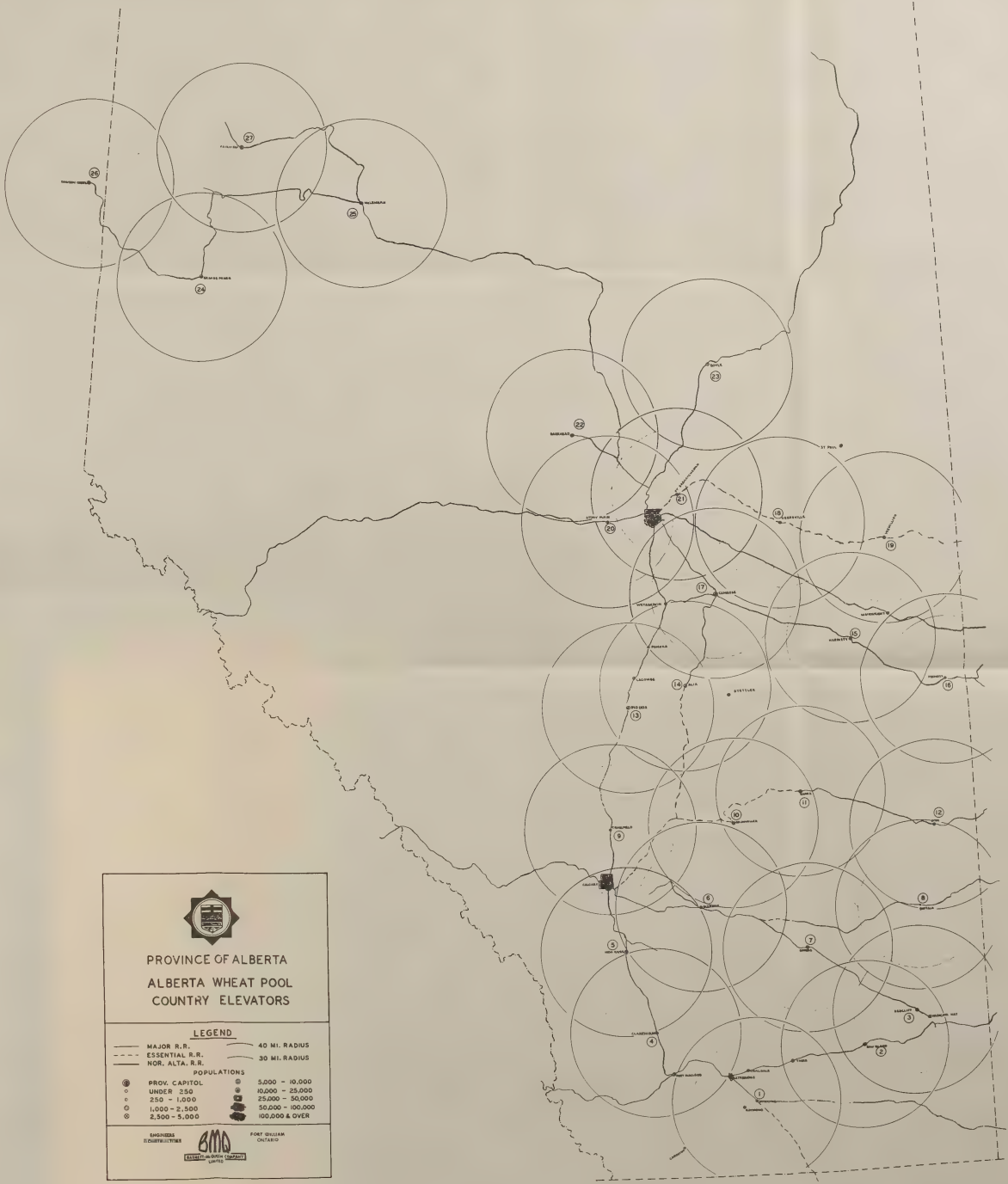












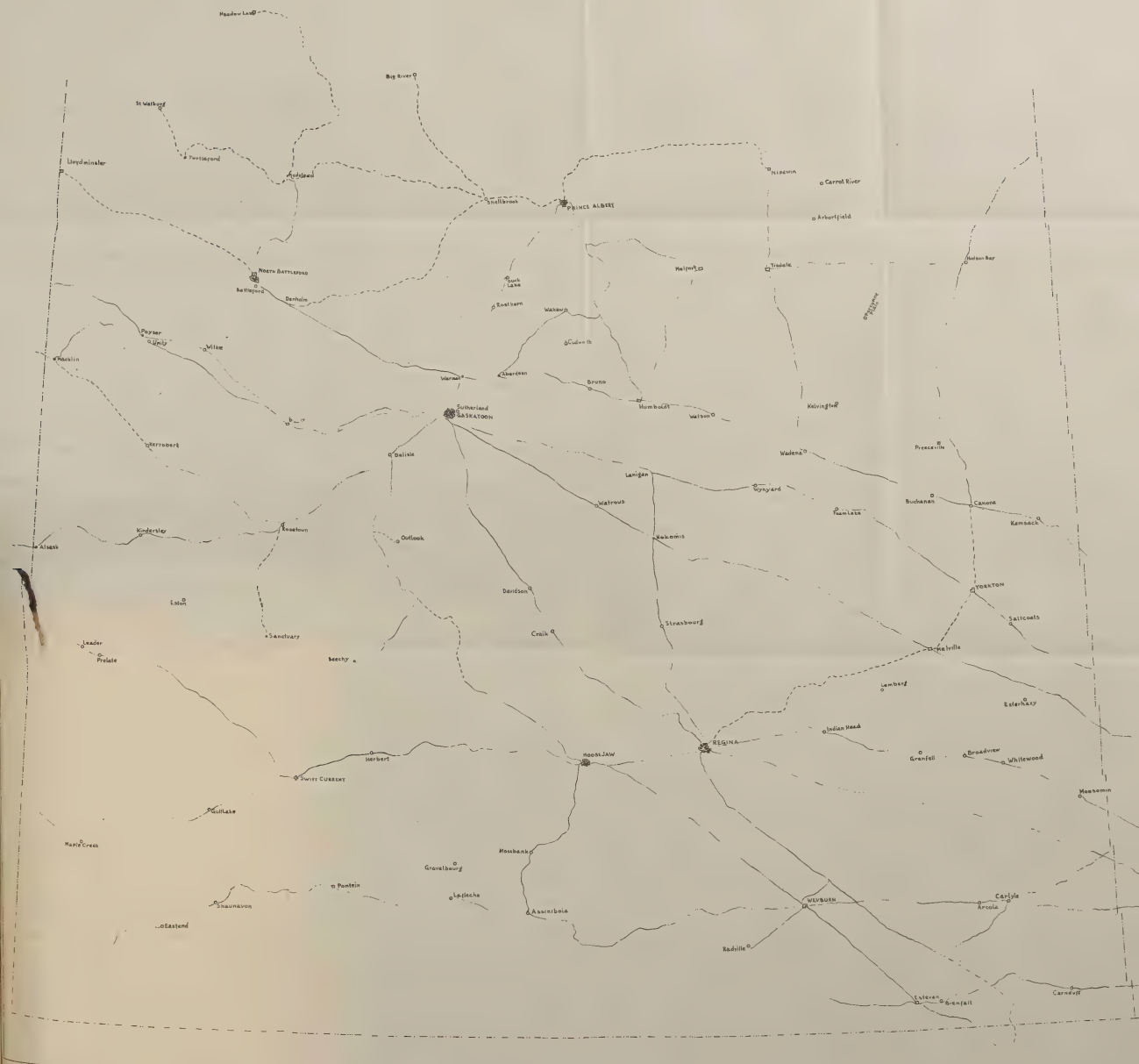












RAILWAYS  
 Major Railroads ———  
 Essential Railroads - - -

# SASKATCHEWAN

SCALE, 10 miles to 1 inch or 1:62500  
 Miles 0 10 20 30 40 50  
 Kilometers 0 16 32 48 64 80

ENGINEERS  
 CONTRACTORS  
 FORT WILLIAM  
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HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966-67

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 32

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FRIDAY, FEBRUARY 10, 1967

Afternoon and Evening Meetings  
(WINNIPEG)

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Respecting

The Annual and Supplementary Reports of the  
**CANADIAN WHEAT BOARD**

for the Crop Years 1962-63, 1963-64, 1964-65

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WITNESSES:

*From the Manitoba Department of Agriculture:* The Honourable Harry J. Enns, Minister; Mr. W. E. Jarvis, Deputy Minister; Mr. G. A. Kristjanson, Assistant Director, Economics and Publications. *From the United Grain Growers Limited:* Mr. R. C. Brown, Vice-President. *From the North-West Line Elevators Association:* Mr. A. S. Leach, Chairman of Executive Committee; Mr. George H. Sellers. *From the Liberal Party of Manitoba:* Mr. Gildas L. Molgat, Party Leader. *From the Board of Grain Commissioners:* Mr. F. Hamilton, Chief Commissioner; Mr. W. J. MacLeod, Secretary; Mr. E. E. Baxter, Chief Statistician.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-Wolfe</i> ),	Mr. Gendron,	Mr. Nowlan,
Mr. Beer,	Mr. Godin,	Mr. Olson,
Mr. Berger,	Mr. Grills,	Mr. Peters,
Mr. Cadieu,	Mr. Gundlock,	Mr. Pugh,
( <i>Meadow Lake</i> ),	Mr. Honey,	Mr. Rapp,
Mr. Choquette,	Mr. Hopkins,	Mr. Ricard,
Mr. Clermont,	Mr. Horner ( <i>Acadia</i> ),	Mr. Roxburgh,
Mr. Comtois,	Mr. Johnston,	Mr. Schreyer,
Mr. Côté	Mr. Jorgenson,	Mr. Stafford,
( <i>Nicolet-Yamaska</i> ),	Mr. Lefebvre,	Mr. Stefanson,
Mr. Crossman,	Mr. Madill,	Mr. Tucker,
Mr. Danforth,	Mr. McKinley,	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Faulkner,	Mr. Moore ( <i>Westaskiwin</i> ),	Mr. Watson ( <i>Châteauguay</i>
Mr. Forbes,	Mr. Muir ( <i>Lisgar</i> ),	<i>Huntingdon-Laprairie</i> ),
Mr. Gauthier,	Mr. Neveu,	Mr. Yanakis—45.
	Mr. Noble,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

FRIDAY, February 10, 1967.

(43)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 2.35 o'clock p.m. this day in the Provencher Room of the Fort Garry Hotel, in the City of Winnipeg, in the Province of Manitoba.

*Members present:* Messrs. Berger, Cadieu (*Meadow Lake*), Clermont, Comtois, Coté (*Nicolet-Yamaska*), Crossman, Danforth, Forbes, Gauthier, Gendron, Godin, Grills, Gundlock, Hopkins, Horner (*Acadia*), Johnston, Jorgenson, Laverdière, Lefebvre, Madill, McKinley, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Nowlan, Olson, Peters, Rapp, Ricard, Schreyer, Stafford, Stefanson, Tucker, Watson (*Assiniboia*), Whelan (36).

*Also present:* Mr. S. J. Enns, M.P.

*In attendance:* From the Manitoba Department of Agriculture; The Hon. Harry J. Enns, Minister of Agriculture; Mr. W. E. Jarvis, Deputy Minister; Mr. G. A. Kristjanson, Assistant Director, Economics and Publications Branch.

*From United Grain Growers Ltd.;* Mr. R. G. Brown, Vice-President.

*From the North-West Line Elevators Association;* Mr. A. S. Leach, Chairman of Executive Committee; Mr. George H. Sellers, Mr. J. D. MacDonald, Mr. R. P. Purvis.

The Chairman made a short statement during which he pointed out committees are portions of the House of Commons and that all the rules and procedures followed in the House apply at this meeting.

The Committee resumed consideration of the Annual and Supplementary Reports of the Canadian Wheat Board for the Crop Years 1962-63, 1963-64, 1964-65.

The Chairman introduced the Hon. Harry J. Enns and asked him to introduce the officials with him. The Minister did so and made a statement to the Committee. At the conclusion of his statement, members of the Committee proceeded to question him.

On completion of the questioning of the Hon. Mr. Enns, the Chairman and members of the Committee thanked him for his submission and attendance. The Minister thanked the Committee and retired.

The Chairman inquired of the Committee if it wished to recall the officials of the Canadian Wheat Board in Winnipeg.

After discussion it was

*Resolved,—That,* if necessary, the Canadian Wheat Board be recalled in Ottawa only.

The Committee took a five minute recess. The Chairman then called Mr. Brown of the United Grain Growers Ltd; he read his submission and was questioned.

When the Committee had finished questioning Mr. Brown, he was thanked by the Chairman for his attendance and excused.

The Chairman then called Mr. Leach and the officials from the North-West Line Elevators Association.

Mr. Leach introduced his colleagues and commented on his brief.

Later, on finishing his commentary, Mr. Leach was thanked and after discussion it was

*Agreed*,—That questioning of the North-West Line Elevators Association witnesses be put off until 8.00 o'clock p.m. this day.

On motion of Mr. Olson, seconded by Mr. Clermont, it was

*Agreed*,—That the submission of the North-West Line Elevators Association be printed as an appendix to the Minutes of Proceedings and Evidence (*See Appendix I*).

The Chairman adjourned the Committee until 8.00 o'clock p.m. later this day.

## EVENING SESSION

(44)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened at 8.15 o'clock p.m.

*Members present:* Messrs. Berger, Cadieu (*Meadow Lake*), Clermont, Côté (*Nicolet-Yamaska*), Crossman, Danforth, Forbes, Gauthier, Gendron, Godin, Grills, Gundlock, Hopkins, Horner (*Acadia*), Johnston, Jorgenson, Laverdière, Lefebvre, Madill, McKinley, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Nowlan, Olson, Peters, Rapp, Ricard, Schreyer, Stafford, Stefanson, Tucker, Watson (*Assiniboia*), Whelan (35).

*In attendance:* From the North-West Line Elevators Association; The same as at the afternoon meeting.

From the Liberal Party of Manitoba; Mr. Gildas L. Molgat, M. L. A. Ste. Rose, Leader of the Opposition; Mr. Ron Clement, M. L. A.; Mr. Ralph Rasmussen.

From the Board of Grain Commissioners; Messrs. F. Hamilton, Chief Commissioner; W. J. MacLeod, Secretary; V. Martens, Assistant Secretary; E. E. Baxter, Chief Statistician; C. L. Shuttleworth, Commissioner; A. H. Wilson, General Manager, Canadian Government Elevator; M. J. Conacher, Special Advisor, Grading; A. V. Svoboda, Commissioner; C. Hammond, Assistant Chief Inspector; Drs. W. Meridith and I. Hlynka, of the Research Branch.

The Chairman recalled Mr. Leach and his colleagues and the Committee proceeded to question them. On completion of the questioning, the witnesses were excused.

The Chairman then called and introduced Mr. Molgat from the Liberal Party of Manitoba.

Mr. Molgat introduced his colleagues and after making a short statement, was questioned by the Committee.

*Agreed*,—That the Submission of the Liberal Party of Manitoba be printed as an appendix to the Minutes of Proceedings and Evidence (*See Appendix II*).

When questioning was completed, Mr. Molgat was thanked for his presentation, and he then left.

The Chairman recalled the officials of Board of Grain Commissioners and thanked them for making themselves so available to the Committee. The Committee further questioned Mr. Hamilton and his colleagues.

Later, at the suggestion of Mr. Danforth, it was

*Agreed*,—That the paper prepared by Dr. G. N. Irvine "Canadian Outlook 1967" and read at the Crop Quality Conference, Minneapolis, Minnesota, February 8, 1967 be printed as an appendix to the Minutes of Proceedings and Evidence (*See Appendix III*).

Questioning of the Board of Grain Commissioners continued.

At the suggestion of Mr. Petess, it was

*Agreed*,—That the Summary Report "Mission to Australia, 1965" of M. J. Conacher, made in January, 1966, be printed as an appendix to the Minutes of Proceedings and Evidence (*See Appendix IV*).

At 11.00 o'clock p.m., there being no further questions, the Chairman adjourned the Committee to the call of the Chair.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

### AFTERNOON SITTING

(Recorded by Electronic Apparatus)

FRIDAY, February 10, 1967.

The CHAIRMAN: I would remind those present that this is a regular meeting of the House of Commons Standing Committee on Agriculture, Forestry and Rural Development. The ordinary rules of procedure followed at committee meetings in Ottawa will be followed here.

Your committee is holding hearings in Winnipeg by order of the House of Commons made on June 2, 1966, to study the annual and supplementary reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64 and 1964-65 which were referred to this committee for consideration.

I would like to say at this time, and I am sure I speak for all committee members present, that we are happy to be in Manitoba. We are also happy to have as our witness this afternoon, the honourable Mr. Harry Enns, the Minister of Agriculture for the province of Manitoba. I would ask the hon. Mr. Enns to introduce his officials and then present his brief.

Hon. Harry J. ENNS (*Minister of Agriculture and Conservation, Province of Manitoba*): Thank you, Mr. Chairman. I have with me my deputy minister, Mr. Edmond Jarvis, and Mr. Al Kristjanson, an economist in our department.

My brief is relatively short, gentlemen, so I think perhaps we can just read through it.

Certainly, it is a pleasure for me, on behalf of the Government of Manitoba, to welcome this important committee of the House of Commons to Manitoba. We are pleased that you are taking the time to travel across Western Canada to examine our grain marketing system and facilities. While we are aware that your committee does include able representation from this province and other western provinces, unquestionably, this first-hand examination of this extremely important business of grain marketing and handling will undoubtedly be helpful to all members of the committee.

It is my understanding that the prime subject at hand is that of grain marketing, particularly, as it relates to the Canadian Wheat Board and the Board of Grain Commissioners which are federal institutions and, also, other aspects of the grain marketing business in Western Canada. Our remarks will be primarily confined to this area.

However, before getting into the subject of marketing I would emphasize our concern for improving the income position of farmers throughout Canada. It is true that our farmers feel that they are not being rewarded adequately for their efforts and their investments as food producers for the nation.

I know that, this is getting to be an old story, but I would also like to take this opportunity to reiterate our call here in Manitoba for a National Agricultural Conference to take some of these matters into consideration. We have a host of policies a piece here and a piece there, but we have never really come to grips with the income problem in a total way.

It is for this reason that our premier has asked the Prime Minister of Canada to call a national agricultural conference. The provinces cannot solve this problem on their own. But I want to make it clear that if and when such a conference is convened the agenda must be directed primarily to the income question. And this should be in the most specific terms possible. We are not interested in a conference which simply reviews the shortcomings of past policies, adequate income to the farmers of this country in the years ahead. The past is behind us. We need a bold blueprint for the future on the income question without further delay.

This is not to belittle the good that has been done on many fronts in the past. Rather, it is to emphasize the need to face up to the income question in clear terms. Bits and pieces of agricultural policy are not good enough. We need a total approach to create an adequate income to our farmers.

Returning now to the marketing area, certainly we would wish to go on record at the outset in complimenting the Canadian Wheat Board and the board of Grain Commissioners on the job which they are doing. If we might single out the Canadian Wheat Board, as this is a group with which we, as Farmers and as a provincial government, are most closely associated, I would like to support the principle of this marketing system. The board has done a very creditable job of selling wheat and coarse grains within Canada and abroad. While the board operates within very strict terms of reference and while it controls marketing by producers through quotas and other means, it has been most responsive to the concerns of groups of farmers and areas. I refer particularly to a situation in which we have found ourselves on one or two occasions and, particularly, this last spring in which due to a flood in the Red River Valley a considerable amount of grain had to be moved in a very short period of time. This required the full cooperation of the board, as well as the grain Companies and Railways and, indeed, of the board of Grain Commissioners—and the necessary excellent cooperation was there when we needed it.

The Canadian Wheat Board is, of course, responsible for the marketing of wheat, as well as the marketing of course or feed grains. The board has been very successful in capitalizing on a strong world market and in assuring us of a relatively certain market for our wheat at least for the next two or three years. Increased demand in association with a buoyant market for wheat will, undoubtedly, lead our farmers to increased wheat production. It is our objective that most of the increased production of wheat will come through increased fertilization and other management practices directed to the acres now devoted to wheat and, also, through the reduction of the summerfallow acreage in this province. As a matter of interest, 3.5 million acres last year were devoted to wheat production in this province; 830,000 acres were devoted to barley; 1.5 million acres, to oats; and approximately 2.6 million acres to summerfallow. It is obvious



we could have a marked increase our total grain output by reducing that summerfallow acreage.

We would want to point out to you that we are concerned about the supplies of feed grains in this province as it relates to our expanding livestock and poultry industry. There has been some misunderstanding, I believe, across Canada, particularly, perhaps in eastern Canada, of our situation respecting feed grain supplies, with many people being of the opinion that we had much more grain than we know how to use in this province. In actual fact, we do not have a surplus of feed grain and our livestock feeders here are very much in competition with those elsewhere who would like to use these feed grains.

I would like to reiterate the position taken by the province of Manitoba on earlier occasions with respect to the federal government feed grain policy. Let us deal with your government's subsidy on the transportation of feed grains to central and eastern Canada and to British Columbia.

This province has traditionally, and still has, the ability to produce considerably more agricultural products than our people here can consume. For this reason, the price which we receive for our agricultural products is largely a Toronto price less the cost of freight. I refer, particularly to livestock products, our finished steers, our pork, and our poultry products. With this being the case, that of our farmers' finished livestock receiving the Toronto price less the cost of freight, it is rather evident that we are weakening the competitive position of Manitoba farmers when we subsidize the cost of feed grain being moved to eastern Canada to be used in finishing livestock and poultry but do not subsidize in turn the cost of the finished product being moved from Manitoba to the same markets.

The University of Manitoba conducted a study of this problem and the following table graphically illustrates it. I leave that table with you, gentlemen. I think it is self-explanatory.

It can be seen from this table that if feed grain is shipped east with federal assistance to finish a steer, it cost the Canadian taxpayer \$1.79 per cwt of live steer equivalent and it cost the shipper 20 cents. However, if the steer is finished in this area it would cost the shipper \$1.44 per cwt of live steer equivalent to ship the carcass and by-products and the taxpayer would make no contribution.

Again, if it is reasonable to subsidize feed grain shipments eastward, then there is equal argument for assistance of transportation for western finished livestock and poultry. It is for this reason that this province has opposed and continues to oppose the freight subsidy on feed grain to Eastern Canada and to British Columbia.

Let us hasten to add that we have full sympathy with the small farmer in eastern Canada and his particular problems. We suggest however that a subsidy on feed grain does little to alleviate this problem. Other kinds of policy are undoubtedly required for him.

This province, also, indicated its opposition to establishment of the Canadian livestock feed board. We are particularly opposed to the powers which have been granted to the agency, apparently for use as it sees fit—to purchase, store and distribute feed grain in the interests of Eastern and British Columbia feeders. Since most of the oats and barley in this country are used within

Canada and since this agency could basically have a monopoly on the purchase of feed grains for use in Eastern Canada it could greatly reduce the competition for Western feed grains. This could readily result in a strong downward pressure on feed grain prices in this country to the detriment of feed grain producers.

Manitoba producers and the provincial economy stand to lose in two respects. Firstly, we will not see the expansion of the livestock industry that we would otherwise enjoy due to this rather artificial incentive for expansion in other areas of the country and, secondly, our producers would receive less for their grain. We urge your committee to maintain under continuing review the function and operations of the Canadian livestock feed board, having these important points in mind.

We are aware that your committee has in its travels been reviewing the transportation and handling facilities which play such a key role in grain marketing in Western Canada. We are sorry that your schedule did not permit you to accept our invitation to visit Churchill. However that is very understandable at this time of the year. We would only like to repeat the invitation. Perhaps a subcommittee might come to see our port at Churchill in the summertime, when it is actually in operation. We urge you to keep this important port in mind and to arrange to visit the port at the first opportunity.

We are concerned that adequate attention be directed to updating and expanding our transportation facilities, both rolling stock and port, and other handling facilities. This will be essential if our transportation facilities are to adequately handle the increasing movement of grain as well as other products in this expanding western economy. With respect to agriculture, it is important that the system is able to handle not only wheat which is our key export but also our oil seeds and other secondary crops which are becoming an important export item. Effective and timely transportation is essential to development and growth of overseas markets.

We would like to draw your attention to the rapidly developing rapeseed industry of western Canada. Indications are that it has a potential for greatly expanded overseas markets for this crop. Because of competition for rolling stock and priorities of the railways we have received, provincially, some complaints about not getting sufficient rapeseed into port facilities. The specific complaint came from our good Japanese customers on this particular point. These expanded markets will only develop if the potential users are fully aware of the facts about the oil seed crop and can be assured of a continuing supply of quality rapeseed. The promotion of this crop in overseas countries does not receive the same attention from the Federal government as do the other crops under the jurisdiction of the Canadian Wheat Board. We are particularly interested in the idea of establishing a Canadian rapeseed institute or council which would bring about a concerted and concentrated effort in developing rapeseed markets, research in rapeseed production, marketing and processing, and farmer information programs.

The institute should provide for a team effort involving the producer, private trade and both Provincial and Federal governments. The soybean council of America, Inc. has been highly successful in this regard and we are sure that the establishment of a Canadian rapeseed institute would assist greatly in



establishing rapeseed as a very important crop of commerce to the economic benefit of both the private and public sectors of the economy. We are aware that the federal government has taken an interest in the development of overseas markets for rapeseed and in the establishment of such an institute. We commend his idea for your support.

I began at the outset by emphasizing our concern about the farm income question. I wish now to say a word about the importance of the work that is being done in the special rural development area located in the interlake region in Manitoba.

This is an area of great potential for development but it is also an area which has been undergoing quite substantial adjustments of many types in the many uses of its resources. As a consequence, we felt—and the federal government agreed with us on this—that here we had an opportunity for joint Federal-Provincial Action in assisting the adjustment process as it affects both land and people. Unfortunately, the fact that we singled out this area for particular attention has caused its position to become somewhat misunderstood. This is not a poverty area. Its claim to attention simply lays in the fact that the opportunities for assisting the adjustment process were very great. We felt that if we could succeed in facilitating normal adjustment in this area we would have something to offer in terms of guidelines to other parts of Canada which would reduce the likelihood of low incomes to farmers and other users of natural resources. Here again, the co-operation of the federal government has been vital. I mention this to indicate our keen interest in the act establishing the fund for rural economic development—We call it the FRED fund—and the amendments which are currently being considered which will provide the additional federal funds required.

The people in the interlake area, in association with our government, have developed a plan of action as required under Federal-Provincial ARDA agreement. It is of the utmost importance that our governments achieve agreement on this program at a very early date. We are currently negotiating with the department of forestry and rural development on this matter.

Improvement in the fishing industry in this province is closely related to the development program in the interlake region. Our government has indicated that it is generally in agreement with the proposals outlined by the royal commission on the marketing of fresh water fish. We are prepared to cooperate with the federal government in getting on with this important task and we commend it to you for your early attention.

We do sincerely appreciate the opportunity of appearing before your committee and expressing our views on these important matters. We would again express our pleasure at your visiting and holding these meetings in this part of the country. That, gentlemen, in an abbreviated form, is some of the concern of agriculture here in Manitoba.

The CHAIRMAN: Thank you, Mr. Enns. I have Mr. Clermont, Mr. Jorgenson, Mr. McKinley and Mr. Muir so far.

Mr. CLERMONT: Mr. Chairman, I will yield to the hon. member from Manitoba.



Mr. JORGENSEN: The minister, in dealing with the feed grain policy, indicated that, in so far as Manitoba is concerned, the effects of the feed grain bill might be somewhat adverse to this province. I think perhaps the minister is under a misapprehension in assuming that the bill will give powers to the feed grain agency to buy grain. I wonder if he would care to clarify just what he means by that. My understanding of the legislation is that in its initial operation the feed grain board is not going to have the power to buy grain from the Canadian Wheat Board as a purchasing agency. Essentially, the powers of the board, as I understand them, are to police the trade in eastern Canada. Our investigations, during the course of the committee hearings on this subject revealed that the difficulty arose from the time that the grain arrived in eastern terminal elevators. We could find in our investigations no difficulty with the movement of grain or the pricing of grain from the time it left the farmers' hands until the time it reached the in-store position in eastern terminal elevators. I wonder just where his apprehension arises as a result of passage of this legislation?

Mr. ENNS: Mr. Chairman, our concern arises out of Bill No. C-218 where, on page 5, if any members have the bill in front of them, additional powers are given under Clause 8, which reads:

(1) The Board may, in furtherance of its objects, at any time when it is so authorized by regulation

(a) buy or enter into contracts or agreements for the purchase of feed grain in Eastern Canada and British Columbia and in the designated area, but where any purchase is made by the Board within the designated area of grain then being purchased in that area by the Canadian Wheat Board, such purchase by the Board shall be made from the Canadian Wheat Board or an agent thereof;

It has further aspects, but it is these additional powers that give us concern. We see the possibility of, perhaps, the price of grain, indeed if you want to take it to an extreme, being settled on the floor of the House of Commons, if it became a political issue.

Mr. JORGENSEN: I see the difficulty and I understand the minister's position. I am convinced, however, that these additional powers will not have to be used because I am just as convinced that as soon as the purchasing of the grain from the terminals eastward is brought under some supervision, that any of the difficulties that the eastern farmers have experienced will be removed. The practice of charging rail rates from the lakehead to the eastern terminals, when in fact the grain has been moving down there by boat, will discontinue. In fact, a lot of that has disappeared already as a result of the government paying storage in the eastern terminal elevators. I am convinced that the supervisory function of the board will eliminate a good many of the problems that currently exist in the eastern feed markets.

Mr. ENNS: I accept my colleague's advice in this instance. Perhaps we are over-emphasizing it or playing on words here. But we do point out that these powers are given to this agency by regulation, so that indeed it could be passed in order in council. It is not a matter that could ever come before the House of Commons as such. We did express concern in this area.

Mr. JORGENSEN: Like the Canadian Wheat Board, we are hopeful. With that pass, Mr. Chairman.

(Translation)

The CHAIRMAN: Mr. Clermont.

Mr. CLERMONT: Further to the same topic, Mr. Chairman, namely the Eastern Feed grain Agency, if this agency is established—when it is established—it will then become the agent purchasing feed grains and will have to pay the prices which the Canadian Wheat Board quote. Last night, in reply to a question put to him, Mr. McNamara, the Canadian Wheat Board Commissioner, said that he was ready to cooperate one hundred per cent with this new agency, but that the Canadian Wheat Board will not cut their prices, simply because the Board are dealing with the Eastern Feed grain Agency.

(English)

Mr. ENNS: Yes, I realize that we are, perhaps, seeing troubles where none exist. We do, however, feel that we are indeed setting up two agencies. Whether or not co-operation is expressed or implied at this time, they are very much in a political arena to some extent and we feel there could be a time when pressure would be brought to bear on such agencies. Perhaps wrongly, but it is—

(Translation)

Mr. CLERMONT: Mr. Jorgenson has expressed a view in regard to certain problems, in certain periods of the year, January or February. There is a pretty marked fluctuation in the price of cereals; what we feel, what farmers in Eastern Canada and British-Columbia feel is that with an agency of this sort the price fluctuations will be virtually eliminated.

(English)

Mr. ENNS: The question of subsidy, of course, is still there. That is the real point of our brief which we feel is unjust particularly to the Manitoba producers of livestock.

(Translation)

Mr. CLERMONT: Mr. Minister, to come back to freight rate assistance on bringing the feed grains from the Great Lakes to Eastern Canada or British-Columbia, I think the Western provinces believe in free trade and competition, do they not?

(English)

Mr. ENNS: Certainly we believe in free trade and competition. We are prepared to free trade and compete, but we all the more see no reason for the subsidy in this instance.

(Translation)

Mr. CLERMONT: I think Eastern farmers might object to the freight rates which you call "Crow's Nest pass rate" on wheat exports. In the final analysis these Crow's Nest pass rates constitute a subsidy on the conveyance of Western wheat destined for export markets.

(English)

Mr. ENNS: I would, of course, agree with you that in the eyes of many this is, perhaps, true, with respect to your comment regarding the Crowsnest Pass. But there are also many here and perhaps a majority in the west who feel it is not by any means a subsidized rate but that the railways are indeed making their dollar on that freight rate arrangement.

(Translation)

Mr. CLERMONT: I do not see any objection, Sir. If the Canadian Parliament were to abolish freight rate assistance on the conveyance of feed grains to Eastern Canada and British-Columbia, would you object to Eastern farmers having free access to the Western grains markets on the same basis as the Western producers, the livestock producers, or the poultry producers? Do you not think these farmers should have free access to the Western grains market as the Western producers or the livestock producers of the West or the poultry producers do?

(English)

Mr. ENNS: I like the member's suggestion. We have from time to time thought about terms of freer movement of feed grains within the provinces, particularly here in the west. Certainly from the point of view of the livestock producers, resolutions of this nature are coming forward from our cattle people in Alberta, Saskatchewan and Manitoba. I understand the Alberta Stock Growers' Association recently passed a resolution to this effect. The question is a matter of wheat board concern. They, of course, have jurisdiction in this matter.

(Translation)

Mr. CLERMONT: In your comments, in your brief, you state that the freight rate assistance to the East prevents the fattening up of Western livestock herds but you are aware that the Eastern breeders and farmers are not only concerned with livestock feeding. It is not just for that reason that we want freight rate assistance. We have various producers who are anxious to get these feed grains and to benefit from the freight rate assistance.

(English)

Mr. ENNS: We base a good part of our argument on the report that was recently concluded by the Agriculture Economics Research Council of Canada and, in particular, I think the key sentence in this report is on page 127 where it says that the impact of the policy would be to shift the location of cattle production only to a minor degree, thereby subsidizing individuals in inefficient locations. It would only shift the areas of production and we question that principle.

(Translation)

Mr. CLERMONT: But it is not just the livestock breeders who benefit from transport assistance in Eastern Canada and British Columbia. The dairy farms also benefit from that freight rate assistance. The dairy farms producing butter and cheese equally benefit from it. When you claim in your brief that this freight rate assistance brings very minimal help to our farmers. I do not think that is



what the Association of the Quebec Farmer feels. The Catholic Union of Farmers are very insistent about wanting this freight rate assistance and they would see no objection to that assistance disappearing if they had free access to the markets for feed grains in Western Canada without having to go through the Canadian Grains Commission. And another question, what competition is there in the West? You say in a paragraph that there is tremendous competition in the purchase of your feed grains in Manitoba. Where does the competition come from, where is the competition? If the East cannot buy directly on the Western market without going through the Canadian Grains Board?

(English)

Mr. ENNS: On your earlier comments, sir, I would just say that we also have dairy farmers here and the same argument applies. I will call on my experts to help me out in a minute because I am not all that well versed in this. We do look upon it, generally, though that this, if I am right, was brought in as a wartime measure. If I am correct, the subsidy was originated at that time to help in the production of livestock, poultry and foodstuffs. In the east, you had a heavier population and more manpower to handle it, but we had a tremendous shortage of manpower during those war years here in the west. This was a legitimate and worthwhile effort at that time, but we cannot agree with its continuance. With respect to your comments about where we find our own competition, the competition I referred to is internally. We have a growing livestock industry. We are beginning to fatten a more goodly number of our own cattle, which we should be doing, and the competition is keen within the province. I would like to dispel the idea we are sitting on huge surpluses of feed grains. We have not got them. This is a bit of a fallacy in this connection that still prevails generally in some parts of the country.

(Translation)

Mr. CLERMONT: Mr. Chairman, my last question relates to the fact the Minister mentioned in his brief that he is speaking on behalf of the Government of Manitoba, that the revenues of the farmers must increase. I think everyone agrees farmer incomes must increase. Would the Minister object to expressing his views with regard to the price at which wheat should be sold on the international market or domestic markets to meet this increase in production costs.

(English)

Mr. ENNS: We have before our own legislature right now a resolution calling for, first of all, an increase in the initial price paid to the producers of wheat, and we hope that this will encourage Mr. Sharp, at the forthcoming international wheat agreement discussions, to go all out for a \$2.50 price on wheat.

Mr. OLSON: Does the government support this motion?

Mr. ENNS: Yes.

(Translation)

Mr. CLERMONT: This price of \$2.50—is this based on production costs? Or on the purchasing power of importing countries? What is the determining factor?

Last night, Mr. McNamara, who is the Chairman of the Wheat Board, said that his agency finds a great deal of sales resistance in getting even the maximum price under the I.W.A.

(English)

Mr. ENNS: Obviously the price is established simply by what you can get on the world market. Certainly the United States, the Argentine, Australia and others have a great deal to say about this matter. We simply feel that we should not desist from any efforts to improve that price, naturally. With regard to the question of farm income and its relation to the price of wheat, it is the only immediate area that we can see relief coming from, through higher initial payments and a better overall price for wheat. The question I think which is in the back of your mind, sir, is with regard to discussions, perhaps, of a two-price wheat policy. It is an area that involves some form of subsidy, whether or not you want to call it that, and it means that when we get into subsidies it does not solve the problems either. Somebody, the Canadian consumer in this instance, has to pay an additional amount. We would hope at this stage to push for a better price of wheat generally.

(Translation)

Mr. CLERMONT: Thank you, Sir.

(English)

The CHAIRMAN: I would like to remind the minister that I knew a group who said it should be \$2 at one time. I will not say what group that was but they were awful sorry for a long time after.

Mr. McKINLEY: Mr. Chairman, most of my questions have been asked by Mr. Clermont. I could, perhaps, carry it a little further. I was interested in the fact our witness did not like the idea of the feed subsidies but I had not realized he feels all the people of Canada are paying freight rate subsidies and it should be both ways. I was going to go a little further than this and say what I would like to have said to Mr. McNamara last night. It was his view that we have almost reached the limit of our production, as far as wheat is concerned. It may well be as far as wheat is concerned but I, myself, do not believe it. Speaking as a farmer from Ontario, I am convinced that we have only tapped our production down there. The whole thing is a matter of economics. If the dollars can be put into the farmers' pockets so they can afford to buy fertilizer and put the necessary tile in, and it is possible to do that, then they can grow at least one-third more per acre than they are growing right now. I cannot see the limits as to what can be grown, if the dollars are there to invest in the things that are needed to do it. I would like to have the minister of agriculture from Manitoba express his views on this situation. I know what the Ontario minister's views are.

Mr. ENNS: Well, Mr. McKinley, on your first question with respect to subsidies, we would agree with you if we get the subsidies both ways. If you give us a subsidy on our poultry and beef going to Toronto or other markets, that would level it off. But in that instance, of course, our beef would be competing much more vigorously with your beef on the Toronto market.

Mr. MCKINLEY: If I could interject for a moment, I would say the only reason we are very happy to pay the subsidy on the wheat that is going to export sales is to keep the production of beef, poultry and hogs less interesting to the western producer. That gives us more of a chance in Ontario, Quebec and the Atlantic provinces.

Mr. ENNS: Again, we do not necessarily share the view that there is a subsidy on our export sales of wheat. On just a follow-up of your last remark I want to say I share your optimism that we have not reached our peak in agricultural production. I agree with you that certainly over the next few years we are going to see all kinds of production.

Mr. MCKINLEY: You do not agree with Mr. McNamara then?

Mr. ENNS: I will put it this way. I had a member in the legislature question me during my estimates just recently. His feeling was that farmers had reached their peak, that they are producing at their most efficient level now and governments and everybody else would have to come to their aid because they cannot do any more on their own. I do not think farmers, by and large, buy that. We have just produced an 800 million bushel crop of wheat here in the west which was quite inconceivable not so many years ago. I read in the *Globe and Mail* just the other day that they are talking about a billion bushel crop some time in the future. We will probably have years when we are going to have setbacks but I certainly believe we will be producing billion bushel crops in this country in the not too distant future.

Mr. MCKINLEY: I must say I agree. Thank you.

The CHAIRMAN: I would tell the minister that in private conversation we pointed out to one of the wheat board officials last night they are hauling wheat 800 miles by truck in the United States, from Omaha to Duluth. He replied: Yes but they do not have the Crowsnest Pass rates.

Mr. ENNS: This, Mr. Chairman, is of course a continuing argument that the western grain producer has with the railway companies. I am neither an expert on the railways or rolling stock and I cannot argue that.

Mr. MUIR (*Lisgar*): Mr. Chairman, I was anticipating you would allow me to comment on the remarks made by Mr. Clermont and Mr. McKinley with regard to the Crowsnest Pass rates. So, I am going to put it in the form of a question to the minister. I am going to ask the minister—I am putting this as the western viewpoint—if he would not agree that if the Crowsnest Pass rates were actually subsidizing the western farmer, would it not seem to follow that the more grain the railways hauled the more money they would lose? They hauled the largest crop of wheat last year that they have ever hauled and they made more money than they ever made in their history, I believe.

An hon. MEMBER: Hear, hear.

Mr. MUIR (*Lisgar*): I would just like to point this out.

The CHAIRMAN: Both east and west; they hauled more both ways than they ever did before.



Mr. MUIR (*Lisgar*): They hauled a lot more for export both ways. I do think that we can accept the premise that the farmers are being subsidized the Crowsnest Pass rates.

Mr. ENNS: I would like to suggest that it is, perhaps, very true that the railways are not making as much money as they would like to make on the rates.

Mr. MUIR (*Lisgar*): Nor the farmers.

Mr. ENNS: And the farmers would like to make a bit more money.

Mr. MUIR (*Lisgar*): The question I would like to put to the minister is with regard to page 7, where he hopes a Canadian rapeseed institute can be set up. I am wondering why he would just pick out this one particular oil seed because we have a thriving sunflower industry in southern Manitoba, which is also a very important oil crop. With the construction or completion of the Pembina River project, there are a great number of these acres now in sunflowers which can be irrigated and we can look forward to a much expanded production of that grain. I am wondering if we would not be better to set up a Canadian oil seed institute which would not only provide the necessary information for our sales but would also help to expand our overseas markets. I know that there is a lot of work being done in this regard at the Morden Experimental Farm but I think that a national research oil council such as you mentioned would be able to do a more complete job. I am hoping, when this is brought to fruition, that other oil seed crops will be included as well.

Mr. ENNS: Certainly, Mr. Chairman, knowing how much work this committee is going through during its hearings, we kept our brief sympathetically short. I do mention on page 6, in connection with rapeseed and secondary crops, that certainly this could be expanded to an oil seed institute or broadened out. There is a danger, of course, that when you broaden the field that you take some of the sharpness off the effort. We sort of patterned it on the suggestion from the very successful soybean institute incorporated across the line, which is doing a marvellous job for that special crop in the south. It was with that in mind that we perhaps, centred on rapeseed. I would quite agree with you, Mr. Muir, that this could be broadened to include the other speciality crops in oil seed production.

Mr. OLSON: Mr. Enns, on pages 4, 5 and 6 you talk about the problems that may be raised because of setting up an eastern and British Columbia feed grain agency and also the subsidy being paid on the movement of feed grains from eastern Canada. I agree with many of the sentiments that you have expressed here as to the possibility of, what might be referred to as, a discriminatory result that may come about, but I also see a contradiction in what you are advocating, and I just do not understand it. You say that you are concerned about the feed grain remaining here and it would therefore be available to the Manitoba livestock feeders. Of course, this is a question of price. On the other hand, you say that you are concerned about the price of feed grains to the producers of these feed grains. On page 4 you say it would be weakening the competitive position of Manitoba farmers when we subsidize the cost of feed grain. Then on pages 5 and 6 you express some concern about a downward

pressure on these feed grain prices and so on. If I understand you correctly, the subsidy paid on this grain is a direct benefit to holding up the market for the producers of feed grain in western Canada. On the other hand, if it was not there it would probably lower the price to the livestock producers in western Canada so you would have this expansion. It seems to me that you have to promote the position either of the grain producers or of the livestock producers because their interests are almost opposite in this respect.

Mr. ENNS: Possibly there is an area there that may appear contradictory. The feeling was expressed here that we are free traders. It is the competitive aspect of the feed grains that we would like to maintain, not necessarily pegged to a price. We do believe, with the growing livestock production we have in this part of the country, that competition for these feed grains will secure the price.

The question with respect to downward pressure again relates to the establishment of this thing. I am not fully conversant with it but it is my understanding that some of the costs of the feed grain agencies will be borne out of the consolidated revenue fund which, from my understanding, is not the same with the wheat board operation. Is the wheat board operation not financed by the western producer? Does not the western producer finance whatever money requirements are needed for the operation of the wheat board in the west? If you want to call the feed grain agency a somewhat like agency, that agency, however, is going to be financed out of the consolidated fund. We see a discrepancy there. It is in this area that we feel it comes too close to the House of Commons, my dear friend, with all due respect to members.

Mr. OLSON: If there was no feed grain subsidy now, surely in a competitive position, with corn coming in from the United States and corn produced in Ontario, then it would lower the price in the designated area, namely, the wheat board selling area, and would it not be an advantage to your livestock producers to increase or expand their production?

Mr. ENNS: I think, again, a good part of the hon. member's comments are based on our having a surplus supply of feed grain. If you take away that surplus, which we know we do not have, and we know the competition for the feed grain exists here, these other matters do not enter into it.

Mr. OLSON: You are surely not suggesting to me, Mr. Enns, that if the competition for purchasing of feed grains in this area by the eastern feeders was removed that this would not be a factor in lowering the prices available here? Would not the prices to your feed grain producers be down right away if the eastern buyers moved out?

Mr. ENNS: The price of feed, of course, is still regulated by the wheat board's operation. We would operate under their jurisdiction.

Mr. OLSON: But their regulation is only on the basis of what they can get for it. Do they not pool that?

Mr. ENNS: It is conceivable there would be a period where this might be so. We have confidence in the buoyancy of our mushrooming livestock and poultry enterprises in this part of the country that would take up the slack in an awful hurry.

Mr. RAPP: Mr. Chairman, first of all, I would like to express my thanks the minister for giving so much attention to the growing of rapeseed. The rapeseed presented here by the Manitoba Wheat Pool was quite the opposite. It said: Rapeseed, it is not important here. However, I would like to say that my comrades here were kidding me about it. They said: Now the truth is out, you were just telling a story that was not factual.

The CHAIRMAN: Mr. Rapp, did you not mean your colleagues?

Mr. RAPP: Yes. I would like to get some more information about the Canadian rapeseed institute. Is this going to be strictly a Manitoba institution? It is not strictly a Manitoba institution then I would like to bring to your attention that the National Research Council in Saskatoon have some scientists working on that particularly, like Dr. Burton Craig and others. If you depend on some assistance from the federal government, I do not think you will get it. Nevertheless, your intentions are very good.

The CHAIRMAN: What is the question, Mr. Rapp?

Mr. RAPP: Just a minute. Then I would like to say that this rapeseed industry has developed to such an extent that if we again should have surplus of wheat then there would be much more rapeseed grown. Naturally our areas in the prairie provinces will be the ones to grow this crop. I hope instead of getting only 22 million bushels we will get somewhere in the neighbourhood of 100 million bushels.

The CHAIRMAN: Do you have a question?

Mr. RAPP: Yes. I asked the minister whether he is agreeing with me on 10 points.

Mr. ENNS: We here in Manitoba recognize the outstanding work that the people in Saskatchewan are doing with respect to this crop. I would hasten to add that while we have dealt at some length with rapeseed, wheat is our number one crop here and we do not in anyway want to take away its laurels and what it is doing for the west. We do share the concern that while we have a buoyant outlook for wheat we look for increased production. If I am concerned about the farmers' income, I do not put any division between provincial economy and the farmers' income because I do not believe the two are inconsistent. We do suggest, though, that in the good years ahead of us in wheat the secondary crops should not be relegated right out of the scene because we are just nicely under way establishing domestic and foreign markets, and these markets will only be sustained if a reliable supply is at hand. Even at this time, when wheat is number one, we want to keep our eyes on the secondary crops.

Mr. RAPP: Would you then, Mr. Enns, get together with Mr. Parker and find out whether he really believes what he said or whether he could change his mind on that matter.

The CHAIRMAN: You are a true optimist. Are you finished your line of questioning, Mr. Rapp?

Mr. RAPP: Yes, thank you.

Mr. SCHREYER: Mr. Enns, I would like to determine the degree of opposition you have with respect to the establishment of the Canadian livestock feed board.



If the livestock feed board were put on a basis that was self-sustaining or self-financing, would your opposition be just as vigorous as it is now or would you then tend perhaps to go along with the idea and even support it? Would you support it on the basis of providing for eastern farmers the kind of marketing arrangements, in large part, which western producers have enjoyed for the past several decades.

Mr. ENNS: Perhaps we have no position on the actual establishment of such a board. I feel that it still does not in any way take away our objections to Bill No. C-218, in the sense we assume this is the agency from which they would be getting their feed.

Mr. SCHREYER: It may well be that some of the delegated powers given to the feed board may be objectionable for one reason or another, but in so far as the concept of a Canadian livestock feed board for Eastern farmers is concerned, what conceptually do you oppose in that regard?

Mr. ENNS: I would not presume to oppose what any farm group or farm organization wanted, particularly in a part of the country I am not familiar with. I come back to my opposition on the matter of the actual feed agency.

Mr. SCHREYER: Mr. Enns, with respect to our Manitoba feeders, could you say whether they are being affected by any restrictions on the interprovincial movement of feed grain. Does such restriction exist in significant measure?

Mr. ENNS: I am sorry, I did not get the latter part of your question?

Mr. SCHREYER: I was asking if, in your opinion, restriction of interprovincial movement exists in significant measure.

Mr. ENNS: Yes, we believe it does. We recognize though that this is a question for wheat board jurisdiction. There is a great deal of principle, perhaps, involved and I would not want to presume to say too much further on this. As a lay farmer and as a feeder myself, I would have to say that it does, yes.

Mr. SCHREYER: Mr. Chairman, finally I would like to put a question to Mr. Enns regarding ARDA. Since the inception of ARDA programming in our province I presume that you have kept fairly accurate and precise accounting data which would show ARDA expenditures with regard to administrative costs, research and study cost relative to actual expenditures for projects in the field—actual works. Can you give me some approximate figures which would show the ratio between expenditures for administration and so on and actual works projects connected with ARDA.

Mr. ENNS: I think the hon. member can understand that he is asking for statistical information and, off the top of my head, I could be wrong. I have tried to familiarize myself with this program as rapidly as I could. We have used up the total amounts available to us in the first initial agreement, 1962-65. In fact, we have over-expended that initial agreement by some 6 per cent. We are in a similar situation with the second agreement. I am fully satisfied that the actual money spent and the manner in which it was spent has been in accordance with the terms laid down by the initial agreement. I believe the actual amount expended on research is a little higher than 9 per cent, 9.2 per cent or something like that. Under the terms of the agreement we were obligated to spend at

least no less than 10 per cent for outright research projects. We are also limited to spending no more than 50 per cent on water control and conservation projects. Here again, it is my understanding we have somewhat overspent this in the neighbourhood of 52 or 54 per cent. I perhaps anticipate some of the members' thinking in respect of the other areas where the moneys were allocated to rural development programs, wildlife and recreational programs. Some of the spending may well be a matter of judgment or a question of priorities. However, I have no hesitation about making the statement that the ARDA funds spent in Manitoba were spent within the terms and guidelines set down by the federal agreement.

Mr. SCHREYER: Mr. Enns, I was not intending to question the judgment or discretion which is exercised by the ARDA officials and your department. I was very anxious to find out in approximate terms what the ratio was between expenditures for administration and surveying and actual works projects. Now I do not want to be difficult about this. If you really do not have that kind of information I suppose I can get it at some subsequent time.

Mr. ENNS: Again, it is information that does not readily come to mind. I would have no objection, of course, to making this known to the member from Manitoba at any time that he would wish to call on my office or by correspondence.

Mr. SCHREYER: Mr. Chairman, I would like to hark back to the question of the feed grain freight subsidy and the establishment of the Canadian livestock feed board. I want to say to Mr. Enns that as a Manitoban I can appreciate the support in large part his stated opposition in the brief to the feed grain freight subsidy. The economic analysis which underlies this opposition, in my opinion, is valid. But, I would certainly separate this question of the feed grain freight subsidy and the one having to do with the establishment of the Canadian livestock feed board. I would like to say, Mr. Enns, that what is being done with respect to the establishment of the feed board is to give to Eastern farmers an agency which will give them countervailing power in making acquisitions and purchases of feed grain. If one regards it in the light of the Golden Rule, and I do not think that it is always naive to think in terms of the Golden Rule, I would like to know what basic fundamental ground you have for opposing the establishment of a feed board. Or, is it just the particulars of the bill that you are opposing?

Mr. ENNS: The last point raised by the hon. member is very true. We object to the buying or entering into contracts or agreements for the purchase of feed grains in eastern Canada, and where any purchase is made by the board within a designated area such purchases by the board shall be made from the Canadian Wheat Board or its agents. The further one states:

- (c) Take delivery of, ship, store, handle and, subject to subsection (2),...

We are in a wide area here. To what extent will the subsidy prevail when we have established in the bill the principle that the finances for this board are going to come out of the consolidated fund. I suppose I am stretching the point but perhaps it is a legitimate concern on our part that we could envisage in

future some of the "delivery, ship, store and handle" would also eventually be financed by the consolidated fund while we in the west finance our own programs through the wheat board. These are particular areas of the wording of the bill that concern us.

Mr. SCHEYER: Thank you, Mr. Enns.

(Translation)

Mr. COMTOIS: You seem to be opposed to the Eastern feed grains agency because the Eastern feed grains agency will favour British Columbia and Eastern farmers to the detriment of Manitoba. Have I clearly understood your objection? Do I understand just that?

(English)

Mr. ENNS: Yes, that is basically it.

(Translation)

Mr. COMTOIS: Would you please tell me, Sir, if you are aware of the projections for consumption of feed grains in Eastern Canada and in British Columbia. Let us say for the next five years?

(English)

Mr. ENNS: I would have to ask someone better qualified to answer. Could either of you gentlemen answer this question for me?

Mr. E. JARVIS (*Deputy Minister of Agriculture, Province of Manitoba*): Perhaps I should comment that the projections that you are most concerned about are our requirements for feed grain here in our own province. I do not think we have at hand projections for Ontario or eastern Canada and British Columbia.

(Translation)

Mr. COMTOIS: Sir, I heard it said that in five years from now, the Eastern provinces and British Columbia will be buying 300 to 400 million bushels of feed grains that will necessarily have to come from the Western provinces. Do you not think that this is a very advantageous market to be opened up for the Western farmers? This is a tremendous potential in Canada itself and I think the Western provinces will have to choose between making money on grain and making money on livestock.

(English)

Mr. ENNS: I go back a little, to the beginning of the brief. We have no objection to the trade between east and west or indeed, B.C. We do feel there is an unfair advantage in that it is a one-way subsidy. We are in a surplus position with respect to our livestock and poultry production in this part of the country, we are dependent upon Toronto or eastern prices, and when our surplus livestock production moves to these markets we pay the freight. If the subsidy becomes a two-way street why it takes some of the sting out of it as far as we are concerned.

In respect of the other question you raised, sir, while you may well require 300 million or 400 million bushels of feed grains in the near future, the question, I suppose, could be whether or not the grain will be available in western Canada.



We like to think we are going to expand our livestock operations to a tremendous extent here.

(Translation)

Mr. COMTOIS: Sir, do you not feel that the interests of the Eastern provinces and British Columbia are also the interests of Western provinces and the role of the federal government is to attempt to stabilize the economy of the country as a whole and I feel that the Eastern feed grains agency will precisely fill that role. It will act as a stabilizer. This was what the government thought, in particular regard for the Eastern farmers and some in British Columbia, of course.

(English)

Mr. ENNS: Certainly, Mr. Chairman, in this, our Centennial year, I would not speak out against anything that would not be to the benefit of the whole country. In view of my obligations to the legislature I must return, but I would just say, perhaps as a closing statement, that we support the objective of an efficient distribution of feed grains. In our opinion, subsidizing of these in any form does not fall within that definition.

The CHAIRMAN: Mr. Comtois, the minister must return to the legislature and if you are agreeable, there are only three members who have questions. They are Mr. Grills, Mr. Hopkins and Mr. Peters.

Mr. GRILLS: I would like to ask the honourable minister if his statement of a low surplus of feed grains in the west includes the three provinces? Is that the position of the three provinces or Manitoba only?

Mr. ENNS: I think I will ask one of my colleagues to answer that one. My understanding is, yes.

Mr. A. KRISTJANSON (*Department of Agriculture, Province of Manitoba*): I think, generally, how you define the term surplus enters into this. I think the important point is that there is not this tremendous excess of feed grains in western Canada. There is some being exported, as Mr. McNamara pointed out last night, to the east. It is not a huge surplus and this is the image which is created. I think this is what we were trying to clear up. There is export, as Mr. McNamara pointed out, but it is not a huge unending supply. In fact, many of the feeders are having difficulties getting feed, at least in Manitoba; I cannot say for sure in respect of all parts of Saskatchewan and Alberta.

Mr. GRILLS: I think probably there has been a misconception in this regard also; I think some control of eastern feed grains was not to create competition with your livestock markets but to give the eastern farmer a continuous supply at a consistent price, which was caused by feed grain millers and dealers in many instances taking advantage of the seasonable supplies in the east. It was to maintain a uniform supply so the price maintained one level, rather than to create any competition with feeders in the west.

Mr. ENNS: I agree that the purpose, of course, is to help the situation in the east. But, when our fattened beef comes into the Toronto market and the freight on it is not subsidized, we feel it comes into unfair competition in this way.

Mr. GRILLS: I would like to compliment the minister. I think he is doing a good job, in the position he is in, for Manitoba. I would like to inform him that

lot of the grain that comes to the east does not go into fat cattle and so on. We have no dairy surpluses in Canada. We are importing some butter and certainly we are not competing in dairy products. A lot of our feed grain is used in the dairy industry.

Mr. ENNS: I would point out to the hon. member, as I did earlier, that we also have a dairy industry here as well as the other areas of production that we have already talked about. We also find ourselves in a non-surplus situation with respect to dairy products. We here in Manitoba are on an import situation.

Mr. HOPKINS: Mr. Chairman, I would just like to point out, in reference to some of the remarks that have been made about the Crowsnest Pass rates, that while it has been stated that the Crowsnest Pass rates cannot be classified as a subsidy, certainly I do not think it can be denied they are a privilege enjoyed by western Canada. Would the minister not agree with this?

Mr. ENNS: I suppose it would depend on how many dollars and cents you put beside the word "privilege".

Mr. HOPKINS: But you will admit that it is a privilege?

Mr. ENNS: I think it is and one we would like to hold onto for a long time to come.

Mr. HOPKINS: I bring this out because had he disagreed with me, Mr. Chairman, I would suggest if he in his area and others in western Canada were accustomed to paying the freight rates that we do in Ontario and Quebec, they could not help but recognize the freight rates in western Canada as a special privilege. Possibly if our rates were not as high you would not enjoy such a privilege with the Crowsnest Pass rates because someone would be looking for more revenue. It was mentioned by one of the witnesses earlier in the week that possibly there might come a time when the west might be looking for protection on feed grain in order to prevent cheap foreign grain from coming into Canada and hence into the feeding areas of eastern Canada. Has the minister had any representations along this line?

Mr. ENNS: No, I have not.

Mr. HOPKINS: It is not widespread.

Mr. ENNS: I will consult with my colleagues. No.

Mr. HOPKINS: While the eastern feed grain growers might approve of this, too, certainly a large section of the livestock feeding industry would be very much opposed to it, naturally. Is it not true that the national farm organizations across Canada endorse the eastern feed grain agency?

Mr. ENNS: Yes, they do. However, this points out, of course, the difficulties in establishing any kind of a national farm organization. I would have to point out that there was a lot of western opposition within the CFA—I think that is the organization he is referring to. However, I agree with the member that they did agree with the eastern position on this. We heard the rumblings from the western people here while they made that decision.

Mr. HOPKINS: Some comparison was made between the eastern feed grain agency, which covers seven provinces in Canada, and the Canadian Wheat Board.

The statement was made, I believe, that the eastern feed grain agency is being subsidized by the federal government, whereas the Canadian Wheat Board is not.

I would like to make another comparison here which I think would balance off this particular complaint, and I have the figures here in front of me. Possibly the eastern feed grain agency could be compared with the Board of Grain Commissioners. While the Board of Grain Commissioners operates on a national scale, certainly I think we must agree that they do the major share of the business in western Canada. I notice that in 1964-65 the cost of operation of the Board of Grain Commissioners was \$5,146,914 whereas the receipts were only \$3,617,588. So, in effect, the Board of Grain Commissioners, which does the major part of its work in major Canada, was subsidized by \$1½ million; and we look at the 1963-64 fiscal year we find the Board of Grain Commissioners was subsidized to the tune of \$2 million. I do not think there can be a legitimate complaint put up about the eastern feed grain agency being subsidized by the federal government when, in effect, we have another organization that balances it off.

Mr. ENNS: Gentlemen, I am just a rookie minister who just got through his estimates. Right about now I think I am going through them again. I would have to say that if one wanted to start comparing different boards and how they are being financed—one that comes to mind is the National Harbours Board—I think we in the west would come out a very poor second best, if we wanted to go through the whole gambit of different agencies and boards that, in one form or another, may be supported by public funds. I think the member would agree with me on that. The particular point is well taken although we do not think there is really a parallel situation, we feel, in the sense of the establishment of an eastern feed grain agency operating as such or as an agent of the wheat board, that there is a very close parallel to draw between those two types of organizations. For that reason we made the point we did.

Mr. HOPKINS: You admit, Mr. Enns, then that when you start comparing, as an earlier questioner did, the eastern feed grain agency and the wheat board then you can get into all sorts of ramifications on this particular thing. Maybe we were not justified in bringing it up in the first instance?

Mr. ENNS: Well, touché.

Mr. PETERS: I would just like to say to the minister that I think this will iron itself out. I think his fears are ungrounded in relation to the feed grain agency and it probably will be regulatory more than anything else. The problem in eastern Canada was having supplies of western grain available without being held up. This agency, in the beginning, would be a policing type of agency, would think.

How much encouragement is being given to the proposition of concentrating more and more effort through the port of Churchill each year?

Mr. ENNS: When I received news of your eminent visit to this fair city I sent a telegram to the hon. Minister of Agriculture, Mr. Joe Greene. I felt it was incumbent upon the committee to make the trip up to Churchill to see our port there. We, of course, are constantly looking for ways and means of increasing the usage of that port. We also recognize, of course, the very real problems associated



with shipping out of that port. We have a tendency to feel, in government circles here, that we look forward to, perhaps, some pretty major technological breakthroughs before the full capacity of that port will ever be realized. I might even go so far as to mention possible future submarine services of some kind to escape the ice flows which are hampering us.

Mr. PETERS: Are you, as a provincial government, giving any thought to the federal government picking up the extension of insurance rates before and after the insurable season? The accident rate, as I understand it, is very, very low up there. There is by most shipping companies and indication that if insurance rates were being provided they could extend that port probably another six weeks.

Mr. ENNS: I will have to refer that question to my colleagues.

Mr. KRISTJANZSON: It is a good suggestion. I do not think the province has ever made such a suggestion. One of the important elements in port Churchill is the necessity for a two-way load. As it stands now this really does not exist to any high degree, although outside of what shipments it is very directly related to the freight rates that they can provide there. So this gets into a whole new gamut of imports and the possibility of imports though that particular port.

The CHAIRMAN: I want to thank Mr. Enns, the honourable minister. I would remind you of the first news release that we sent out on this pointing out that these were all reasonable and responsible members and I feel sure this is true in view of your concern about the eastern feed grain board.

Mr. ENNS: I want to thank you, Mr. Chairman and members of the committee. I certainly consider it a privilege to have had the opportunity of appearing before you. Thank you.

The CHAIRMAN: One thing that I wanted to discuss at the start of the meeting was whether or not we should have the wheat board back tonight. One of their officials is patiently waiting. We are going to have two witnesses after supper. I do not think we want to sit too late because we have to be on our way by 6.15 a.m. tomorrow. If we have another 20 hour day there may not be very many members make it to Fort William. It is up to the committee as to whether the wheat board officials come back. We have Mr. Molgat coming at eight o'clock and the Board of Grain Commissioners. If you are desirous of having the wheat board come back, they will. I would remind you of what Mr. McNamara told us last night, that he was perfectly willing to come to Ottawa to finalize any questions any member may have, before we sum up our report for the House of Commons.

Mr. RAPP: Mr. Chairman, I think we had a very good brief from the Canadian Wheat Board and all questions put to Mr. McNamara were answered. I, for one, do not think we should have the Canadian Wheat Board back.

Mr. MUIR (*Lisgar*): Mr. Chairman, I would like to add that I cannot see any reason for having the Board of Grain Commissioners back. We have been talking to them ever since we left Vancouver.

The CHAIRMAN: There were more members who still had questions for the Board of Grain Commissioners. Last night, when we cut off discussion, we said we would bring them back. I do not know if you were here then, Mr. Muir. This

was a decision that was made at that time. The committee members agree when we cut off discussion with the Board of Grain Commissioners, that if it was possible we would have them back tonight. We are not going to be here that late tonight because Mr. Molgat's brief, he told me, will not be too long. Several members also intimated to me that they did have questions they would like to ask of the wheat board.

Mr. OLSON: Mr. Chairman, I was one of them. I think it would be well for committee members to bear in mind that the terms of reference of this committee are to look into the reports of the Canadian Wheat Board. While it is very interesting to go over all of these other problems in agriculture, this is the paramount matter we are charged with the responsibility of reporting to the House of Commons on. I would, therefore, not insist that the Canadian Wheat Board be brought back but I have a number of other questions that I want to put to them. Perhaps we can do it in Ottawa before we report. As far as I am concerned, within the scope of our terms of reference, it is more important to report to have the Canadian Wheat Board back to finish the examination of those officials than any of the other witnesses.

Mr. DANFORTH: Mr. Chairman, I would like to advance the proposition that we do not call back the members of the wheat board, especially in view of the schedule we have this evening. I would suggest that perhaps it would be better for the committee at this time to consider the possibility of having a representative of the wheat board come to Ottawa, where we can have further meetings. We will have, as a committee, an opportunity, in the meantime, to try to digest the great volume of information that has been packed into the last three or four days. I am certain it would not be possible, if we sat here the rest of the week, to complete the questions that many of us have of the Canadian Wheat Board, who have been so gracious and so patient with us during this week. I would suggest on the face of this, for the consideration of the committee, that we do not hear tonight representatives of the wheat board or the Board of Grain Commissioners in order that we may have ample time to thoroughly consider the other briefs that are to be given tonight.

The CHAIRMAN: Is there further discussion?

Mr. OLSON: I think we have gone quite a long way beyond the scope of our terms of reference in inviting witnesses before this committee and discussing a whole lot of subjects other than the Canadian Wheat Board. This is the reason we have used up a lot of time. We are always running into this problem of time because we get off the subject matter of the terms of reference. If the Canadian Wheat Board are prepared to come to Ottawa some time before we report, as far as I am concerned, we can finish the questioning in Ottawa.

The CHAIRMAN: It is agreed then we will dispense with hearing the wheat board tonight? I think our meeting tonight should be very short. I would remind members of the committee that the shortness of the meeting is up to you, and not to me, as Chairman.

Gentlemen, the witness before us at the present time is Mr. Brown, Vice President of the United Grain Growers Limited. Has everyone a copy of the brief from the United Grain Growers? I will ask Mr. Brown to proceed with his presentation.

Mr. R. C. BROWN (*Vice President, United Grain Growers Limited*): Mr. Chairman, and gentlemen, I may pause on two or three occasions to interject a comment into this brief but they will be short.

Mr. Chairman and Members of the Committee, I thank you for the opportunity to appear before you today on behalf of United Grain Growers Limited. Our president, Mr. A. M. Runciman, was gratified when he received the Committee's invitation and had expected to attend this hearing in person. That, however, was rendered impossible by a change in the Committee's itinerary and by other duties undertaken by Mr. Runciman. He is in Geneva as a member of the Advisory Committee of the Canadian Wheat Board in connection with international negotiations concerning wheat. I may say that he has briefly returned to Canada but will be returning to Geneva on Sunday.

Perhaps for the benefit of members from other parts it should be said that ours is the oldest farmer-owned business organization in Western Canada. We have for distribution the Company's annual report. The Company's principal business is operating some 760 elevators at 620 country points in Western Canada and terminal elevators at the Lakehead and at Vancouver. The Company has more than 50,000 members; it operates in all three prairie provinces as well as in the grain-growing areas of British Columbia. On frequent occasions during past years our Company has been represented before the Agricultural Committee, at times by its own officers and at other times by officers of the Canadian Federation of Agriculture of which it has long been a member.

It seemed, to our Board of Directors, a happy inspiration for your Committee as a whole to come West. You are obtaining, in your official capacity, information that will be valuable in your annual review of the reports of the Canadian Wheat Board and of the Board of Grain Commissioners for Canada.

As the Committee knows, the system of selling Western-grown wheat through the Canadian Wheat Board is highly valued by the majority of Western farmers, by the grain trade and generally by the public of the prairie provinces. When it was first introduced, it is probable that some people regarded it as a temporary system, designed only to take care of passing problems. Now its permanence is taken for granted not only by grain producers but by all concerned with the handling and forwarding of Western grain. It seems safe to say that you would not find in Western Canada any responsible person who either advocates or expects any other system to replace it for exporting wheat from this country. That is not only because producers have come to like this system or because the system's efficiency has been demonstrated. It rests also on the fact that Governments throughout the world are involved in international wheat trading to an extent that makes inevitable some participation by the Government of Canada. Oats and barley, of course, are not export commodities to the same extent as wheat. They seem likely to continue under the Wheat Board because producers like the system and because the handling of these commodities bears some relation to that of wheat.

Trade negotiations currently in progress in Geneva relates to extension of the International Wheat Agreement as well as to tariff reductions. Western wheat producers generally accept wholeheartedly the idea that wheat prices should be internationally controlled to the extent that consumers are protected



by a stipulated maximum level and producers by a minimum level. Producers have, however, urged that present levels are too low and that a new agreement should set both higher minimum and maximum prices. The Government of Canada has indicated its concurrence in that point of view for which our Company feels confident there will be full Parliamentary support.

Indeed, it is reasonable to hope that wheat importing countries as well as those countries which export wheat will recognize the validity of the argument for a higher price scale. Such arguments are based on the world's urgent need for increased food production if enough food is to be produced to satisfy the needs for the ever-increasing populations of different countries. No doubt farmers of Western Canada can produce more food than at present, and they expect to do so. They can, however, achieve their full potential only to the extent that prices are remunerative. They must be able to pay for fertilizer, machinery, fuel and all other supplies required in increasing quantities.

The Canadian Wheat Board has just distributed cheques for some \$270 million as final payment on wheat produced by producers during the crop year ended July 31 last. That is an impressive amount and throughout all Canada the payment. You do not need to be informed that it is the producers' own money. Your Committee, of course, are under no misapprehension as to the nature of the payment. You do not need to be informed that it is the producers' own money which has just been paid to them. It is as if the producers were drawing cheques on their own bank account. Members of your Committee are well equipped to correct any misunderstanding in this connection should they encounter it.

Mr. Chairman, I would like to pause here very briefly and quote a small portion of an Ottawa Canadian Press despatch which says:

The final wheat payment of \$270 million brings the total for the three grains to \$311,575,689 the largest in wheat board history.

At this point I would like to comment that, in my personal view, it would have been quite possible to have paid out an additional \$100 million or \$150 million of that amount, without endangering the national treasury, by way of higher initial prices.

Several points concerning the Wheat Board are not universally understood. The Wheat Board is a Crown agency, but unlike any other agency of the Crown it has not been provided with any investment capital. Its working capital is not drawn from the public funds but is financed on the security of and from the sale price of the grain it handles.

While the Government of Canada does appoint the Commissioners of the Wheat Board, it does not provide their salaries nor the salaries of its staff, who are not members of the civil service. These costs, together with the employee pensions and administrative expenses, are borne by the grain producers whose products the Board markets.

Similarly members of your Committee are well equipped to understand and interpret requests by farm organizations that the Canadian Wheat Board be authorized to make higher initial payments, particularly on wheat.

I am afraid I used my quotation slightly out of position. This seems to be especially valid since the Wheat Board has dropped the former practice of

making interim payments. I think if you refer to page 18 in the addenda in the Canadian Wheat Board report, you will see that there are very wide safety margins between the initial payment and the final payment made.

Producers do not regard initial payments as a guarantee of income nor is it expected that they will involve any burden on the National Treasury. Instead, the intent has always been to set the initial price sufficiently below the expected realized price to provide a margin of safety for the Government. The basic initial price for 1 Northern Wheat when the Canadian Wheat Board was first established was set at 87½ cents per bushel. It was put at \$1.25 per bushel when the Canadian Wheat Board became the sole marketing agency for Western wheat. It was later advanced to \$1.40 and then to \$1.50 when market conditions justified these increases.

Before long the Canadian Federation of Agriculture will be presenting to the Government the idea that a further increase can now be made without any risk of creating a burden upon the taxpayer. The size of the final payment recorded in the annual report you have before you and the still larger final payment recently made indicate that, at its present level, the present initial payment on wheat provides an unnecessarily wide margin of safety. If the Government accedes to the request, as may reasonably be expected, members of the Committee, will be able if necessary, to explain the situation to fellow Members of Parliament.

Much is heard these days about the danger of inflation. It may be useful to point out how important are the anti-inflation effects in Canada of the Wheat Board's system of grain marketing. The grain farmer contributes importantly towards combatting inflation by foregoing for long periods much of the monetary value of his product. The final payment of \$270 million dollars just made by the Canadian Wheat Board was in respect of a crop of wheat seeded in May of 1965 and harvested before the end of October of that year. Thus this payment relates to productive efforts completed some 16 months ago. No complaint whatever is made by producers or on their behalf in respect of this delay. But had full payment followed close upon the productive efforts involved, as is the case with wage and salary earners, it would have been very much more difficult to restrain inflation in Canada.

The Canadian Wheat Board has received well justified praise for its efficiency in selling wheat for export. For the crop year ended July 31, 1965, its actual exports of wheat and flour at 400 million bushels, were well ahead of the long term average. For the preceding year exports had amounted to 595 million bushels; in the following year ended in 1966, the total was 580 million bushels. Volume in the current grain year is expected to be high, partly on account of large-scale contracts with Russia and China, negotiated during 1966.

Exports of such magnitude need more than an efficient selling organization. They involve great tasks in the physical handling of grain and your Committee is studying some aspects of those tasks. As a Committee, you annually review the report of the Board of Grain Commissioners for Canada; as Members of Parliament you hear a good deal about the railways' function in transporting grain. You will find it appropriate, while in the West to consider the important function

of the elevator system of Western Canada. Our Company, United Grain Growers Limited, is a substantial part of that system. Last year its country elevators loaded into railway cars more than 109 million bushels of grain and its terminals shipped more than 87 million bushels.

Country elevators have to be numerous and wide-spread so the producer, delivering grain, does not have to haul it too far. They must be large to accumulate shipping quantities of many different grades and to store grain not immediately required in forward positions. They must also be large so that the producer will find space available to receive his grain. From the standpoint of the large export trade, there must be in store at all times abundant supplies to meet market demand when it arises and to use rail and water transport as provided.

Operators of country elevators act as agents for the Canadian Wheat Board in receiving and paying for grain as delivered by producers, in forwarding grain as called for and in providing accounting and reporting services.

It has taken a great capital investment to provide the elevators now in Western Canada. The investment by our own Company has been considerable, more than \$40 million. This will increase steadily from year to year to keep pace with the need for improvements and replacements. Service charges must be sufficient to cover both capital costs and operating expenses. Such charges are not to be thought of as a burden on the producer for they add more than the cost to the value of his grain. Storage provided by the elevator system makes it possible for the consumer to buy over a prolonged period, grain produced at an earlier time and to avoid the cost and risks associated with storing grain overseas.

Wheat held in store in North America constitutes a great part of the world food reserve. It is stored here more cheaply and more efficiently than can be done elsewhere in the world. One reason for that lies in the rigors of the climate of Western Canada which keeps, at a minimum, damage from bacteria and insects.

The services performed by our Company are a source of pride to those connected with it. We feel assured that the storage of grain in our elevators has not been a burden on the national economy of Canada. We regard it as adding to the national income, as a contribution to what the economists call the gross national product.

Those members of your Committee, who, on Monday, visited our terminal elevator at Vancouver, observed that the jetty had recently been lengthened to 240 feet and were informed that the loading gallery is now to be extended to the full length of the jetty. That development, unforeseen only a few years ago, is to accommodate vessels much larger and of deeper draught than those which formerly carried Canada's grain overseas. In order to accommodate the large trucks now hauling farmers' grain, it has been necessary, at country elevators, to provide much larger and more costly scales and driveways. No one associated with the elevator business in Western Canada can escape the knowledge that elevator operators must continue to make larger capital expenditures to provide needed facilities. To obtain and to apportion funds for this purpose is the constant preoccupation of those who direct the operation of an elevator company.

A number of persons have, in recent times, publicly described the country elevator system in Western Canada as outmoded and inefficient. It should be



noted, however, that these opinions are being expressed by people who have no direct responsibility for long-range planning, financing, construction or maintenance of country elevators.

Elevator companies are themselves very much concerned, actively studying and seeking solutions to this complex of problems. In the case of our own company, long-range study has been a continuous process which, in 1957, resulted in a co-ordinated approach to meeting present needs and future objectives.

The problems faced by elevator companies stem from several sources, notably greatly increased storage requirements, railway branch line abandonment and tremendously increased costs of construction. Dealing with these three points in order, the following comment seems pertinent:

1. Due to rapidly increasing world population, it is now generally believed that North America must produce and provide storage for ever-increasing amounts of bread grain.

2. Under the authority of Parliament, railways have been empowered to abandon many branch lines, thus necessitating the removal of many country elevators and their replacement by new increased storage space at alternate points.

3. No one can be under any illusion as to the cost of construction of country elevators today as compared with 20 or 25 years ago. Added to all the other inflationary factors, these costs are now increased by a 12 per cent federal sales tax and provincial sales taxes of 5 per cent in B.C., 4 per cent in Saskatchewan and possibly 5 per cent in Manitoba.

I may comment that the 5 per cent in British Columbia is applicable on an f.o.b. shipping point basis. In other words, all materials freight paid are the basis on which the 5 per cent is levied. So it is a pretty hefty charge. The term, possibly, in Manitoba, refers to the fact that at this point of time no one is able to say definitely that the tax will apply to elevator construction materials. It will apply to construction materials but whether entirely to elevator construction materials is not known at this point of time.

Ultimately the provision of funds for elevator construction, maintenance and operation becomes a charge against the sale price of the farmer's grain. The taxpayer bears no part of the cost. Bearing these factors in mind, efficiency must be measured in terms of cost benefit to the man who pays.

Respectfully submitted on behalf of United Grain Growers Limited.

The CHAIRMAN: Thank you Mr. Brown. We have five names and Mr. Rapp is first.

Mr. RAPP: Mr. Brown, before you read your presentation you made a statement that Mr. Runciman is in Geneva to help negotiate the price under the International Wheat Agreement. Has your board given him any instructions of what the high and low should be under the International Wheat Agreement?

Mr. BROWN: I think you misunderstood what I said. I did not say anything at all about him being there to negotiate a price. I said he was there. I think, if you refer back to the text, you will see our president is in Geneva as a member of the advisory committee of the Canadian Wheat Board in connection with international negotiations concerning wheat. All I said, in addition to that, was that he

was briefly back in Canada and that he would be returning on Sunday. I said nothing at all about price and at this point of time, as I understand it, price is not entering into the discussion. As to the question of whether our board has given him any instruction, I can only say no, we were not in a position to give him any instruction.

Mr. RAPP: During our tour there were briefs presented by some farm organizations which stated the amounts they would like to see the low and high set at under the International Wheat Agreement. Has your organization, Mr. UGG, ever discussed this matter, or have they come to some decision as to what the prices should be under the International Wheat Agreement? Some of the briefs stated figures. If you have an answer to this, I would be pleased to hear it. If you do not want to disclose it, that is a different thing. Could you give the committee an indication of what prices you would like to see established under the International Wheat Agreement.

Mr. BROWN: Specifically, our board has not, in the present situation, discussed price details. We are, however, of the opinion that definitely the price levels should go up.

Mr. RAPP: How much?

Mr. BROWN: I could only express a personal opinion. My own view, and that is not a statement of company policy, is that I think there should be a minimum increase of 25 cents.

Mr. RAPP: That would bring it up to about a high of \$2.50.

Mr. BROWN: Yes; I would think that is a minimum. I am only expressing a personal opinion.

Mr. RAPP: Yes, that is right. This is pretty nearly in line with the prices that have been mentioned in other briefs. This is the only thing I wanted to bring up. Thank you.

Mr. LEFEBVRE: I understand that we are supposed to be out of here by 5.30, so I will just deal with one subject. Mr. Brown, you make a statement on page 10 which I found very interesting because it conflicts with other views that have been given here. It states:

A number of persons have, in recent times, publicly described the country elevator system in Western Canada as outmoded and inefficient. It should be noted—that these opinions are being expressed by people who have no direct responsibility for long-range planning, financing, construction or maintenance of country elevators.

This morning, I think it was, Mr. Hamilton of the Board of Grain Commissioners spoke for a while on this subject, and he seems to have some knowledge of grain. He says there is a report by a firm of engineers that will be made available to this committee, which states that there are far too many elevators in western Canada and that they should be drastically reduced. I would like you to enlarge on this a little bit, in order to help the committee in its findings, I would like to know, who is right on this subject. We have two knowledgeable people with very different opinions. Are we living in the past a little bit, with elevators built 40 or 50 years ago in the time of the horse and

wagon days when, today, we have modern highways and large trucks. Will they some day become regional elevators?

Mr. BROWN: You have asked me a very complex question. First of all, let me say—I do not mean this to be offensive—that I would include Mr. Hamilton in the group who do not have to finance country elevators. He is in that group, you see. A number of persons have in recent times publicly described the system as outmoded. It should be noted these opinions are being expressed by people who have no direct responsibility for long-range planning, financing, construction and maintenance of country elevators. I would include Mr. Hamilton in that group.

Mr. LEFEBVRE: Have you seen this report, sir, that he mentioned?

Mr. BROWN: No, I have not. Now then, I will come to some other parts of your question. You are assuming there is a difference of opinion between Mr. Hamilton and myself as to the number of country elevators. Let me say that I think it is generally recognized in the trade that there are too many actual buildings operated in western Canada. Our own company has been sufficiently aware of that so that over the years we have, on many occasions, held discussions with other elevator companies, with the result that we have withdrawn from a point here and they have withdrawn from a point somewhere else, and we have exchanged elevators. What is done with these elevators after they have been exchanged is another matter. They may remain standing. But what frequently happens is that one elevator becomes nothing more than dead storage and you are reduced to a point of one operating elevator where you formerly had two operating elevators, both of them with a full complement of operating expense, including an operator's salary. This kind of thing, to me, is proof positive that we who are responsible for elevators are not asleep at the switch, as some people think we are. But we do have the basic responsibility of finding the money with which to make these changes. Make no mistake, gentlemen, this money is not found from the coffers of the nation. There is only one place from where that money can come eventually. It comes as a charge on the farmer's bushel of grain. Unless and until we are able to get, by negotiation with the wheat board—I am not saying this because you are here because this is an area where, as a committee, you have no responsibility; this is something between ourselves and the Canadian Wheat Board—handling charges at a level that will enable us over the long pull to meet these new costs, the costs of destruction of old outmoded elevators, of removal of elevators to different sites, of rebuilding elevators which are over-age, that money must come out of the farmer's pocket or, at least out of the bushel of grain he delivers to the elevator. These are reasons we say that if the farmer is going to have to pay for these things, then he is going to have to have a higher price for his grain, among other things. But surely it is self-evident that unless the money is forthcoming you cannot do these things. I think the committee should have a full understanding of that problem. I do say, however, I am not putting it in your lap because this is something we are quite prepared to go on negotiating with the Canadian Wheat Board.

Mr. LEFEBVRE: I am glad to have your statement on this because there is some conflict in my mind, and probably in the minds of some of the other mem-



bers, on this subject. I am sure, after we get the minutes of this meeting and the others we have had, plus the report, it will give us much more to go on. Thank you.

Mr. MUIR (*Lisgar*): In one of the briefs, presented to the committee objection was taken to having elevator operators—I expect that would mean county elevator operators—come under the provisions of the new Canada Labour Code. I am wondering what effect this would have on your elevator operation?

Mr. BROWN: I would say just the same effect it has on every other elevator operation. Here you have men who are, first of all, in the nature of local managers because they do have to operate that local elevator. They are responsible for operating it. They are licensed by the Board of Grain Commissioners to operate it. If they do not operate in accordance with the licensing authority regulations, they lose their license. So, they are not in the ordinary category of day labour. They are salaried personnel and they do have responsibilities that the ordinary union man does not have, or non-union man who works by the day in many other occupations. Now, I think that is a very important consideration.

The other most significant thing is that because of the pressure of delivery of grain at certain times of the year, it is completely impractical to have an elevator operating on an eight-hour basis. You know that very well from your own knowledge, sir. The country elevators must take grain in when grain is available when it is being harvested. If there is space at all, they should take it in. It just to me, is completely impractical to include these men in the category that can only operate eight hours a day and that you must hire a replacement or an additional man to operate other hours if you are going to keep open more than that eight hours. This piles further cost on the farmers.

Mr. MUIR (*Lisgar*): Would you like to see this committee recommend to the government that elevator operators, not helpers, be designated as managers and not come under the labour code.

Mr. BROWN: I would wholeheartedly recommend that you do so, if that is any help to you.

Mr. MUIR (*Lisgar*): I have just one other short question on a matter brought up by Mr. Lefebvre, having to do with removal of elevators. This, from the standpoint of the elevator companies, makes for a more efficient operation; but I would like to point out to the committee that every elevator removed from western Canada adds to the charges of the farmer himself because no farmer at harvest time is going to draw his grain too far. It means he has to have a little truck or a big truck, if he is a big operator, at his combine so he can keep operating full-time. This means, that if the storage is taken away from him, he is going to have to provide his own storage. He is going to have to put his grain in that storage on the farm and take it out again. This is going to add to his cost. I would hate to see too many of these local elevators removed from western Canada where they can be operated at least successfully.

Mr. BROWN: Mr. Muir, will you note the very last sentence in my brief:

Bearing these factors in mind, efficiency must be measured in terms of cost-benefit to the man who pays.

In other words, to the farmer. Certainly, it would be possible to establish a very much more mechanically efficient elevator system across Canada, but at what cost? Efficiency is not all a matter of mechanics. You can take an automobile out and you can say it will perform. The engine will perform beautifully at 75 miles per hour but it is going to cost a lot more money for gasoline because it is running at 75 and not 55. The same thing applies here. If elevator companies had unlimited funds, of course, they could build palatial elevators and all the farmers in the community would have room to put their grain in immediately. But the economics of the thing do not add up because once you did that, you would be sitting there with unused storage space the moment the wheat board started to ship it out.

Mr. MUIR (*Lisgar*): The point that I am trying to make sir is that as long as even these small elevators we have out here operate efficiently for their size they are of more benefit to the farmer than a large centralized elevator?

Mr. BROWN: I think the only answer I can give to that, sir, is that elevator companies must all look at their source of revenue and their costs. We all know that the size of a country elevator which is efficient today is bigger and handles a larger volume of grain than was the case ten, fifteen or twenty years ago because you have to have greater handling to carry the overhead. This is one of the compelling reasons for consolidation or exchange of elevators, or getting out of a point which may be very marginal in so far as handling is concerned and building a larger elevator at a point where you get enough volume to warrant the construction cost. I think you have had many statements on the cost of elevators already. If not, you will have some. These figures will probably vary but they are now running greatly in excess of \$1 per bushel of space. At one time, looking back over the years, they could be built for about 20 cents per bushel.

Mr. JORGENSEN: Mr. Brown, at the back page of your annual statement you list the number of points at which you operate country elevators as being 591 in 1966. How many of those elevators will be without trackage if the proposed line abandonment currently being considered takes effect?

Mr. BROWN: I would not want to say that I could give an accurate answer to that question at this point. If my memory serves me well, if the ultimate abandonment took place we would lose somewhere between 125 and 150 elevators. That is the ultimate of abandonment. Now that, Mr. Jorgenson is only an off-the-cuff answer.

Mr. JORGENSEN: I do not think, for my purposes, it is necessary to have a precise number because it will depend anyway upon the number of abandoned lines that are authorized. At 125 points, what does the United Grain Growers propose to do to service those areas? Do they intend to build larger receiving houses at nearby points or do they intend to continue to operate those elevators simply as storage places?

Mr. BROWN: For a brief time some of them may be all right as storage. But, bear in mind that the Board of Grain Commissioners has something to say about this. They will not necessarily license a house that has been abandoned by a railroad. This is an area of administrative authority.

Mr. JORGENSEN: If they adopt a policy of not licensing points that are not alongside railways, what would you propose to do with those elevators?

Mr. BROWN: That will depend a great deal upon the individual elevator. If it is a good elevator—that is, not one of real old vintage, sound and capable of being moved to another point, it might be moved. Some of them already have been moved. If there was no place to which it would be moved or it was not in too good shape, it would simply be demolished. I think a further answer to your question could be that over the years we have actually reduced very considerably the number of elevators we operate. At one time, as a result of purchases of other companies, we had, I think, around 900 elevators. We have followed a policy of deliberately getting out of points by trade or sale. We have followed a consistent policy for many years of trying to upgrade the quality of elevators and to reduce the number of competing elevators at a point where obviously there were too many; in other words, to make some effort at rationalizing the location and operation of country elevators. In this connection, some of the other companies have co-operated with us.

Mr. JORGENSEN: In the construction of new elevators, what capacity do you attempt to arrive at? What size elevator do you think now and in the foreseeable future would be an efficient type of receiving house?

Mr. BROWN: That will depend a great deal upon the appraisal it is possible to make of the delivery area—the region from which the grain will flow. Let me put it this way. We moved into Portage la Prairie several years ago and I think if I remember correctly, we built a 135,000 bushel elevator at that point. Now Portage la Prairie is on a main line. Obviously, it is a good grain-growing area. We went into Brandon and, offhand, I cannot tell you the size of the elevator there because it changed between the time it was originally conceived and the time it was finally built. However, it will depend very substantially on whether it is designed to take care of a new growing territory or merely to replace several small, old elevators at individual points around the country. For example, there still are places where new elevators must be constructed—the odd one in northern Alberta, and not too long ago there were some in northern Manitoba. Your policy will have to be suited to the best appraisal you can make of the future of the area, both from the standpoint of the competition that is there and may be there and the branch line abandonment program, as best as you can appraise it.

Mr. JORGENSEN: Thank you, Mr. Chairman. Mr. Brown has answered my questions very adequately.

Mr. PETERS: Is it the intention of your company to undertake the building of any elevators that will process the grain to the Board of Grain Commission standards for export as a finished product, other than ocean terminal elevators?

Mr. BROWN: What do you mean by finished product? Do you mean flour?

Mr. PETERS: No, no. I meant ready for export.

Mr. BROWN: The grain that goes to export out of our terminals is all cleaned to government standards right in our terminals. It is export grain when it goes out of there.



Mr. PETERS: I agree. You have indicated that you intend to consolidate and, particularly with the abandonment of lines, you will have to consolidate in another area. When you have to do this are you contemplating consolidating the planing of elevators that will provide the marketing agents with the type of grain that can be loaded directly on boats from your inland elevators.

Mr. BROWN: What you are asking is, in effect, do we contemplate the construction of interior terminal facilities? I take it that would be a proper description of what you have in mind? I would say at this point of time, no. Again, I am perhaps expressing a personal opinion, but I would say it would not be an efficient operation at this point of time.

Mr. PETERS: What are you referring to on page 20 of your board report, when you ask for an increase in money and state:

—under the scale of charges imposed upon operators the physical equipment for handling grain is deteriorating to an extent that threatens the welfare of the grain growing industry of Western Canada.

Is this not got something to do with the inadequacies that are apparent in the movement of grain?

Mr. BROWN: This has to do with the amount of money that is available to keep an elevator in repair, to replace outworn elevators and to pay all the operating costs. I think, if you were able to look at the financial statement of the operating companies, you would probably find that the country elevator departments are all showing a loss. I think that is probably true. It is on the over-all operation, including the terminal operation, that they are now able to keep going at all. Let us face it. Who is going to put money into a country elevator—replacement or rebuilding or new construction, unless they hope to be able to earn certainly the carrying costs of the capital that goes in plus something for the trouble. Who is going to put it in? This is the problem. When you look at elevator charges, as they are today, you realize that storage in country elevators remains at 1/30th of a cent per bushel per day, at which level it was 50 years ago. What other business is there in the whole of Canada that is expected to survive on the kind of income that it was able to earn 50 years ago?

Mr. FORBES: Farming.

Mr. BROWN: Farming is the only other one and we are all tied up in the same boat here. All of us who are concerned are fighting a battle to get a higher income out of the national economy than we are getting.

Mr. PETERS: I may be wrong but I gathered there was a conflict between the national interest, probably the farmers' interest in a way, and vested interests in overhauling the machinery more in keeping with the day. I agree that you have a big company and a heavy investment and, therefore, you cannot be expected to carry the brunt of this. Are we not facing the time when we are talking of reducing a billion bushels. There is no question this year you have done an excellent job in the transportation and handling of grain. You pushed it to what would appear to be a maximum at the present time. How are we going to increase this, maybe even double it, without changing the system to some extent, because it seems to me to be fairly archaic.

Mr. BROWN: I am going to make a statement here, and I hope there someone from the wheat board here to reply if I am wrong. Did you ever hear has anybody ever told you that a shortage of grain occurred at the seaports or the Lakehead ports because country elevators were not doing their job?

Mr. PETERS: No.

Mr. BROWN: No. Why did it occur? It occurred because railwaymen went on strike; harbour workmen went on strike; somebody other than the country elevator made—to put it in crude terms—a hell of a mess of it.

Mr. PETERS: You will have to agree you are looking for a Utopia if you are expecting this situation not to be repeated in the future.

Mr. BROWN: All I am saying, sir, is do not say the country elevator system is inefficient and outmoded because the grain is not getting to the seaports or the shipping ports because that is not true. That is not where the bottleneck is. I am not saying that we do not have to overhaul these facilities. We do; we admit it and we are doing it. Our own company spent \$2½ million last year on reconstruction and new construction and that, by the way, was more than our net income. The only reason we did not spend more was because we could not get the manpower to do the construction work. That is a literal fact. We were short of men to actually go on building crews last year.

Mr. PETERS: Mr. Chairman, does Mr. Brown not think that it is surprising to be building a Sask Wheat Pool terminal with the loading capacity they are planning, rather than using one of the pool terminals which already exist, with the loading capacity they now have and with the type of changes which have taken place. The building of a new one, as I understand it, is pretty well in keeping with modernization but also in keeping with the type of terminal you already have. If we decided to put 2,000 bushel tank cars on the railway, your facilities are not such as to load them and your facilities are not built to handle them at the other end. What I am saying is that if you upgrade part of the system, you pretty well have to upgrade right down to the country elevator level, do you not?

Mr. BROWN: I think you must keep your country and terminal elevator systems separate in your contemplation of what is needed. Above all, gentlemen, let me suggest to you that you do not let anybody put you in the position where you are making the elevator system a whipping boy for somebody else's shortcomings. Particularly, do not make the country elevator system a whipping boy because somebody went on strike in Vancouver.

Mr. PETERS: No, but I do not think it would be very fair to always make them the whipping boy.

Mr. MUIR (*Lisgar*): Why not?

Mr. PETERS: For the very simple reason that it is going to happen again and again and because we are living in the kind of country we are, there must be enough margin so we can allow for these situations; otherwise we are going to have a panic every time. There has to be a margin and my point is there does not seem to be any margin.

Mr. BROWN: Perhaps I have not made myself clear, sir. What happened in Vancouver was that boats could not pull up to terminal elevators and get a load. It was not because the grain was not there; it was not because we would not and could not put it on board, but because they could not tie up there due to the fact the stevedores were on strike. Now you could have had the most magnificent modern plant conceivable and under those circumstances not a bushel of grain would have moved out of it. So let us not get our signs all mixed up. Why did Canada fall down on its shipping commitments? Why did the wheat board fall down on its shipping commitments?

Mr. PETERS: It seems to be odd though that it takes a week to load a ship. It could not have been a factor, with your facilities ten years ago, when you were loading 300,000 bushel ships when you now have 3 million. It seems to me there has to be continual upgrading.

Mr. BROWN: Of course there has to be.

Mr. PETERS: Our competitors all over the world are doing it and we do not seem to be doing it.

Mr. BROWN: Oh no. You are wrong there. You still have to go to the Lakehead. If you want to go to a terminal elevator at the Lakehead, take a look at our terminal A at the Lakehead, which began operations in 1928. It was the first elevator to have the automatic car dumper. Today that elevator is equipped to load salties—seagoing vessels, and it requires special equipment. We are constantly overhauling and modernizing that elevator. This is going on all the time. This is why I say that the people who make the charge that the system is inefficient are the people who do not have the responsibility. We recognize and we are spending money. We are doing it continually.

Mr. PETERS: This is not quite true, because the Board of Grain Commissioners has the responsibility so, therefore, we do have some responsibility. I am not sure just how far we should exercise our responsibility. There is a certain amount of responsibility for us to examine, and it may be that the further away from it you are the more different it is.

The CHAIRMAN: I think Mr. Brown and many of the members in his organization would have some responsibility because most of them are members of pools. The President of the National Farmers Union really lambasted the facilities in the west; he said they were inadequate. It is his membership that is going to be paying for these.

Mr. BROWN: He did not come and find out the facts before he made the statement.

The CHAIRMAN: Well, we are only hearing this as we go west. You say he has no responsibility but his members have a responsibility.

Mr. BROWN: He has no direct responsibility. Look at the language; I say no direct responsibility.

The CHAIRMAN: His organization is made up of farmers. I want to remind members that if we are to hear the other witness before six o'clock we are going to have to move along. Some of your questions are to similar companies although one is publicly owned and one is privately owned.



I have Mr. Danforth, Mr. Clermont, Mr. Comtois and now Mr. Schreyer has intimated he wants to ask questions.

Mr. OLSON: Mr. Chairman, I indicated I wanted to ask questions about an hour ago.

The CHAIRMAN: I have not your name down.

Mr. DANFORTH: Mr. Chairman, Mr. Brown has been defending the country elevators and I admire him for the stand he has taken on it. My questions, Mr. Brown, are going to be very brief. In the statement you have given us here, you spoke of some 760 elevators, millions of dollars worth of capital assets and 50,000 membership. This is a tremendous size business, any way you want to estimate it. Mr. Brown, when was the last time in a business of this magnitude that a cost accounting firm was brought in to evaluate the methods, set up any principles of economies or suggest a more efficient manner of operation?

Mr. BROWN: We are going through that process almost—perhaps I should not say continuously; on many occasions we have had expert people come in and do an appraisal of some part of our business. It is a regular practice at fairly frequent intervals to have a check of some kind made on some phase of our business.

Mr. DANFORTH: I can appreciate that, Mr. Brown, and this would perhaps be where you are experiencing a particular difficulty. But my point is, has there been a cost accounting study done of the entire operation of this particular company to project what could be done to cut down the actual handling cost of grain or to increase efficiency? This question, Mr. Brown, to be absolutely fair was prompted by the observation at a tremendous number of elevators that there has apparently been no difference in the method of actually mechanically handling this grain, whether the elevator be a year old or 30 years old. Certainly there must have been some advancement. I know that other countries and other elevators use different methods of handling the grain. Why do we not see new methods employed in some of these elevators?

Mr. BROWN: We have called experts in on that very point and we have made studies. To date there has been no major change proposed in this type of thing.

Mr. DANFORTH: Thank you, Mr. Brown.

Mr. BROWN: I think that is about all I can say about that.

Mr. CLERMONT: Mr. Brown, concerning the initial and final payment, you mentioned comments from a newspaper article and then in your comments you said that the Treasury Board would not have been hurt with an extra \$100 million or \$150 million of expenditure. Could you expound on that?

Mr. BROWN: I did not say the national treasury would have an expenditure of that nature. I said the national treasury would not be called upon for any expenditure if the wheat board had wanted to pay out another \$100 to \$150 million. Now the point I want to make absolutely abundantly clear is that the money does not come out of the national treasury. It is the sale proceeds of the grain, it is the farmers' own money and the only occasion on which the national

treasury would be in danger would be in the event that the initial payment, plus the administrative costs of the wheat board, exceeded the final selling price. That has only happened once in the whole history of the Canadian Wheat Board and that was with respect to the oats pool.

Mr. CLERMONT: Would you favour a higher initial payment or an interim payment, as it used to be years ago?

Mr. BROWN: Again, being a canny Scot by ancestry, I have to say that I think the cost of putting out an interim payment is probably not justified. Therefore, I may let us have a higher initial payment.

Mr. CLERMONT: Mr. Brown, is your company operating as co-operative or a company? In your annual report you mention shareholders but in your brief you mention that you represent 55,000 members?

Mr. BROWN: Our company, sir, is a co-operative company in the sense of the Rochdale co-operative system, which began on a capital stock basis. It is a co-operative to the extent that a man does not vote the stock he owns, it is one man, one vote. It is co-operative to the extent that it believes in ploughing back some of its earnings into education. It is co-operative to the extent that it believes there should be at least a minimum rate of interest on the capital invested. To this extent it is unlike some of the other co-operatives. Our charter is a special act of Parliament and gentlemen, you may remember that that charter was amended in the Parliament of Canada just a year ago, empowering us, the board of directors, to pay above the specified rate of interest of 5 per cent, additional amounts of one-half of one per cent up to a total of 6½ per cent, if we saw fit. It happens that we used that power this fall and we paid 6 per cent on our stock. You must have capital if a company is going to meet these challenges or new elevators. You must have capital and you must be able to attract that capital by serving it with a reasonable rate of interest. One of the other powers granted to us in that amendment last year was to increase our authorized capital from \$7½ to \$12 million. We are, at this moment, in the process of preparing a prospectus, and we hope to raise an additional share stock capital for the purpose of expanding and improving the facilities of the company. Does that answer your question?

Mr. CLERMONT: Thank you, Mr. Chairman.

Mr. COMTOIS: Mr. Brown, can we have your opinion on the Canadian livestock feed board. What do you think of it?

Mr. BROWN: I am very glad to give you my opinion on that and I hope I will not be regarded as being too outspoken. It so happens that I have been one of the people who have been called upon to speak very frankly in the Canadian Federation of Agriculture meetings in recent years on the subject of feed grains and the proposed livestock board. The position I took a year ago—I think I would be fair in saying it was pretty generally supported by the western group in the CFA—was that we could have no objection whatsoever if eastern Canada wanted an institution similar to the Canadian wheat board. Commissioners, appointed, if you like, by the Crown, but financed by the producers themselves who were us-

ing the service, just as the Canadian Wheat Board is being financed by the producers who use its services. Now, that was not what you got. So since it was not what I said we were prepared to approve, I think you can answer the question for yourself. I am not too happy with it because of the very fact that the board is using treasury funds I can see the possibility of a political conflict developing. This one board is much more subject to Parliament, I suggest, than the Canadian Wheat Board which comes under the purview of Parliament mainly for three reasons: First, the act under which it was created; second, the appointment of the commissioners and third the fixing of the initial price. From that point on it is its own man. It hires its own help and it reports to Parliament once a year. Now this new board is not on that basis. May I add one other thing, sir? The reason we are not too happy about this situation is that quite a good many years ago the farm-owned grain companies in western Canada offered to lend the eastern feed consumers money and personnel so they could set up their own grain handling agency in eastern Canada and accept some responsibility for their own welfare without going to Parliament. They declined the offer. I will never know why but it is a fact they did decline it.

Mr. RICARD: How long ago?

Mr. BROWN: I would think this would be about 15 years ago. Does that answer your question, sir?

Mr. COMTOIS: Yes, part of it. Would not the Canadian livestock feed board be obliged to buy wheat and grains from the wheat board?

Mr. BROWN: I believe the act says so.

Mr. COMTOIS: So do you not think the wheat board will control, in a certain way, the business in the operation, and the grain commissioners too?

Mr. BROWN: In so far as the technical aspects of it are concerned, I have no fears. I think I made my position abundantly clear. I view with some concern the possible political consequences. Surely you do not wish me to go any further than to make that plain statement. I do not want to be offensive to this committee which is, after all, a committee of Parliament.

The CHAIRMAN: I hope, Mr. Brown, that you are not saying you do not trust politicians. I want to say this to make it clear. We are not a damned bit different than anybody else. I spent about 20 years on co-operative boards and, as I said before, we are responsible and reasonable people, the committee is made up of representatives of all parties, and we are trying to make sure that all Canadians get a fair deal. I hope that I can re-assure you and all of the people concerned that this board is not out to take advantage of anybody else. As far as we, as parliamentarians, are concerned, we will make damned sure it does not.

Mr. BROWN: I am awfully glad to hear you say that, sir.

The CHAIRMAN: We are a new breed of politicians.

Mr. COMTOIS: Mr. Brown, I have one last remark. From your annual report of 1966 your company seems to be doing quite well.

Mr. BROWN: Very well.



Mr. COMTOIS: So I do not see that you have many, many reasons to complain about a lot of things. I note that your financial position is very good.

Mr. BROWN: Only because we have not let things slip; because we have been efficient; because we have had foresight.

Mr. COMTOIS: Our congratulations to you, sir.

Mr. SCHREYER: Mr. Brown, I infer from your response to earlier questions that it is your view, to the extent that there is a bottleneck in the movement of grain to terminal facilities and on to ships for export, this would be due to a) inefficiencies of one kind or another on the part of the railways in marshalling rolling stock and so on, and b) due to labour-management breakdowns because of labour unrest, strikes and so on. If this is so, would your organization advocate the establishment of special machinery for the settlement of industrial disputes in so far as they pertain to the movement of grain for export purposes?

Mr. BROWN: Offhand, I do not think that I can say our company has set a matter of policy on this point. I think I can say that the Canadian Federation of Agriculture, of which we are a member, does support the idea of a labour court. There are times when resolutions do come up on the floor of our meeting, some of which are pretty strongly worded; they even talk about compulsory arbitration. I do not recall that one has ever passed our delegate body on compulsory arbitration.

Let me put it this way. The general view of the farmers who make up our membership and come to our annual meeting to the tune of about 330 registered delegates, elected by local groups, is that he is being done in by labour unrest. It is not of his making; he has not had any part in creating it. So he gets concerned, and he says: What can be done? Should the grain business be fully a work for the good of Canada. Grain elevators are declared to be works for the good of Canada. This is how the dominion government has control over them. In those terms, then, the farmer begins to wonder should the government of Canada take a pretty strong hand in seeing to it that the farmer is not prejudiced by labour unrest.

Mr. SCHREYER: Mr. Brown, I realize that labour management relations may not be your specialty but I suspect you are pretty intimately aware of its workings. I am prompted to ask this question: Would you not agree that before we proceed seriously toward the establishment of special machinery such as possibly labour courts, would it not be desirable or advisable to consider legislation which would require labour and management in this respect to conduct negotiations on a more continuing basis. I have been led to believe that negotiation in the collective bargaining process between the stevedoring company and the dock workers, in some instances in the past, has not been carried out in a serious manner for long periods. Then, when there is the imminence of crisis, of course, they meet almost continuously around the clock. Do you not think it might be desirable to consider legislation which would require meaningful serious negotiation months before the end of a contract.

Mr. BROWN: I suppose indirectly this may be said to have something to do with the Canadian Wheat Board and the Board of Grain Commissioners, but it is

getting a little out on a limb, as far as I am concerned. I suppose the day may come when we will have legislation which will specify that certain things be done, but that legislation will be only as good as the willingness of labour and management to obey the law that exists. There is something less than willingness to do that at the present time.

The CHAIRMAN: Mr. Ricard, did you have a question?

Mr. RICARD: Mr. Brown, a while ago you mentioned that about 15 years ago there was an offer of money and personnel made to eastern Canada, to organize an agency for the provision of grain for eastern Canada. Would you care mention to whom this offer was made and the reason that it was refused?

Mr. BROWN: I do not know why it was refused. I would not undertake to answer that. The offer was made within the confines of the Canadian Federation of Agriculture, which established a feed grains committee that operated for quite a number of years. On that feed grains committee, although I was not a regular member, occasionally I sat as an ad hoc member, and we used to have all kinds of complaints coming from eastern Canada. I remember one time a particular complaint came up that the grain coming down from western Canada was extremely dirty and a sample was brought to prove how dirty it was. I looked at it and I said: Where did the kernel of corn come from? You can draw your own conclusions; the kernel of corn was not grown in western Canada. Where the dirt came from, I would not know, but that dirt did not represent a sample of grain shipped from Western Canada. The refuse in it indicated that.

Mr. RICARD: That is very interesting. Thank you.

The CHAIRMAN: Did they not grow corn in Manitoba 15 years ago?

Mr. BROWN: Yes, but it was frozen out and I do not think the corn was ever sold on the market.

Mr. OLSON: Mr. Brown, I have a few questions and I will try to be as brief as I can. Perhaps you can answer them briefly too. First of all, you said you exchanged some elevators with other elevator companies. Did this result in your being the sole grain company at a number of delivery points?

Mr. BROWN: In some cases yes and in other cases no.

Mr. OLSON: How many single delivery points do you have now out of the 591 places where you operate?

Mr. BROWN: Oh, I could not answer that offhand. I would have to look that up.

Mr. OLSON: Approximately?

Mr. BROWN: Oh, there might be 60 to 75.

Mr. OLSON: Do you find that the quotas rise faster at delivery points where there is more than one elevator company generally?

Mr. BROWN: That is a question which is very hard to answer because the pattern of quota increases is something which, I suppose, causes more headache than any other single thing.

Mr. OLSON: Right, I agree.

Mr. BROWN: I do not think I could answer that question.

Mr. OLSON: Does your company have a tendency to allocate shipping orders to your elevators to assist in their competitive position where there are other competitors at a shipping point?

Mr. BROWN: I suppose it could happen, but I think the great majority of the elevator companies are much more concerned with the total volume of grain that is moving out of the country—the total marketing operation. Naturally, there is a competitive factor, but I do not think we are so completely narrow-minded and self-seeking that we are not prepared, on occasion, to go along with something that is required by the Canadian Wheat Board. After all, they are the people who allocate the shipping orders and they want certain kinds of grain to fill their commitments.

Mr. OLSON: Mr. McNamara told us last night that they give these shipping orders to the elevator companies on a regional basis and it is you people who send them out to your individual shipping points.

Mr. BROWN: Within certain limits.

Mr. OLSON: Within regions?

Mr. BROWN: Yes. We get a certain total of cars allocated but we also have to draw the grain that they want for their commitments.

Mr. OLSON: The point I am trying to get at is whether or not you starve some of these single shipping points where you have a monopoly, as far as the producers in that area are concerned, in favour of giving shipping orders to some of your elevator companies where there is a competitive factor from other companies involved?

Mr. BROWN: I would say no because, remember, we are owned by 50,000 farmers and if we starve them at one point we will darn well hear about it.

Mr. OLSON: All right, fine, you said you do not. If that is your opinion I accept it. Thank you, Mr. Brown.

The CHAIRMAN: This finalizes the questioning of Mr. Brown. I want to thank members. I do not think we are going to be able to do any more than hear the next report before adjournment at six o'clock. I want to thank you very much, Mr. Brown. You have been very frank and we appreciate that very much.

We will immediately proceed with Mr. Leach, Chairman of the Executive Committee of the North West Line Elevator Association. Mr. Leach has agreed to shorten his presentation because, as he said, the previous witness has covered a lot of the same topics as are in his brief. I would ask Mr. Leach, before he proceeds, to introduce the people he has with him and then proceed from there.

Mr. A. S. LEACH (*Chairman, Executive Committee, North West Line Elevator Association*): Thank you very much, Mr. Chairman. Starting on my extreme left, I would like to introduce Mr. Purves, President of the Inter Ocean Grain Company Limited. Next to him is Mr. Sellers, who is President, Federal Grain Company Limited and its subsidiary and allied companies, Alberta Pacific,



Searle Grain and Pacific Elevators. Mr. MacDonald, immediately beside me, the Vice President and General Manager of Pioneer Grain Company Limited, which company is owned by the long-established firm of James Richardson and Sons. My name is Leach and I am the Chairman of our association. I have been long associated with the Searle Grain Company, which was recently merged with the Federal Grain Company. I might say gentlemen, it is rather interesting that Mr. Purves is second generation in the grain business. Mr. Sellers is fourth generation in the grain business in western Canada, and I happen to be third generation in the grain business. Mr. MacDonald has been long in the grain business, having started—as a country grain operator and working up to his present very official position.

We, of course, are delighted you have seen fit to come west.

*(Translation)*

I will now say a few words to these members from Eastern Canada here for the first time. We trust that you had an enjoyable trip and that you saw something that was interesting while you were here. Perhaps you noted that we have here in Western Canada, two suns, we have one sun in the sky, that is for the wheat, and we have another sun which is in our heart, and it is with the sun in our heart that we welcome you.

*(English)*

The CHAIRMAN: They realize now there is only one Canada.

Mr. LEACH: I will leave out a little of the background and begin at the middle of the second page. The number of country elevators which we operate in an association is 2,234, and that is slightly less than one-half of the entire grain industry, say, 45 per cent, if you want to have a round figure, which comes within the purview of this association. The association's independent private companies own 14 terminal grain elevators at the Lakehead and Vancouver, with a storage capacity of some 50 million bushels, and the insured value of the properties is \$230 million.

Skipping to the bottom of page 3: It has at times been suggested that there have been no significant changes in elevator construction. Then we go on through that paragraph which, perhaps, at your leisure you might read, to trace how, in the original instance, the grain business in western Canada was served by the old flat country warehouse, we have gone through quite a period of development now so that we are now building elevators anywhere from 65,000 bushel capacity to 140,000 bushel capacity ranging from \$93,000 to a cost of \$180,000. I think that you will find in the paragraphs I went over so very quickly that the history and figures of size and cost deny any allegation that our country elevator industry has not kept pace with the times. If I might just interject or out-of-script comment which bears on some of the very interesting questions which were so ably handled by Mr. Brown, we have still not found a better means of moving grain than by gravity.

Following World War II, new conditions confronted all the elevator companies. With the advent of chemicals, weed and insect killers and with the development of rust resistant grains and grains also resistant to other plant

diseases, with the increase of technology on the part of the farmer and with farmers being able to use fertilizers more freely because of the higher prices for grain, there was a great increase in the amount of grain that was produced and marketed. Also, there was a great increase in the responsibilities that came on all the elevator companies, both our sector of the trade and those of our competitors, to service these farmers. Hence, many of the new elevators being built today are being built as service centres. I think probably two-thirds to three-quarters of the new ones going up are really large service centres, where it is not just a mere matter of taking in grain and putting it into a box car but facilities are provided for complete agronomist advice, fertilizer, chemicals, many different items that are required on the farm, and these are provided for sale and are serviced. This has been a change that has come very definitely into our industry. It started after the war and the last five years have seen a very dramatic change in it.

As Mr. Brown said, all this costs money. To the extent of our financial resources, the companies engage in replacing old and obsolete country elevator plants with modern elevators having greater capacity. However, this has still not been sufficient to meet the conditions we are going to see ahead of us in the future. I believe Mr. Brown mentioned rail line abandonment. There were some questions from the floor concerning this. All of us are going to be faced with rail line abandonment. This does not mean the volume of grain produced dries up. There will still be the same amount of bushels of grain to be handled, but there will not be the same amount of storage space available to meet the surges that come along; hence, even though every bushel of storage space and every plant may not be replaced, even if it is done on a 50 per cent basis, there is going to be a terrific strain and a drain on capital to engage in this upgrading that we see ahead of us.

Thus, I and my colleagues join with Mr. Brown in saying the financial return that is allowed elevator companies must be sufficient to maintain a first-class grain handling system. It is wonderful for the farmers to grow all this grain. It is excellent for the sellers of the grain to be able to market it abroad, but there must be a system that will develop with the increasing volume to come in order to handle it efficiently and get it to market.

Mr. Brown pointed out, and I reiterate it, that many millions of dollars have already been spent in renovating and repairing country and terminal elevators. We have replaced obsolete plants with modern elevators. Our member companies are currently investing more than current depreciation and earnings from elevator operations in renovations and building of new plants, to try to maintain the system at its peak efficiency.

I am at the top of page 8 now. We go on from there and state in the next paragraph that if the producers of Western Canada are to be provided with modern grain handling facilities, recognition must be given the fact that authorized tariffs must keep pace with increasing costs. Then we give you, at the bottom of page 8, the statistical data on how our costs have increased and we also indicate, as Mr. Brown did, that our tariffs have not kept pace with that.

At the bottom of page 9 we do show some figures that indicate our bushel income is deteriorating. We make reference to that and we likewise, again on page 10, refer to the fact that our income tariff rates have not changed for some 30 years.

We point out on page 11 that not one single new company has entered the country or terminal business in western Canada in the past 40 years. The answer is quite obvious; no company could build elevators and survive at present costs and under existing tariffs. We make that point, gentlemen, because we, who have been in the business for quite a time, sometimes question whether or not it is a healthy industry for western Canada, where we are not making enough of a return to attract new investors.

We wind up saying that the independent investor-owned companies were the pioneers in the development of the country and terminal elevator systems in western Canada. They provided the risk capital required to furnish a necessary service to the Prairie producer. We certainly hope that we are going to be able to continue to do that and to participate in handling our share of the grain business that is voluntarily brought to our elevators by the farmer-producer.

We are confident that ultimately the appropriate authorities will recognize the need for fair and adequate grain handling and storage rates.

In conclusion, we say that while we realize that your committee does not deal directly with the setting of tariffs, we have felt that you should be acquainted with the problem we face in the tariff question. You heard Mr. Brown make reference to different people who have expressed opinions on tariffs and also to the fate of the industry. He brought out very well that these were people who were not actually engaged in it themselves. There are many other aspects of the grain industry with which we have not dealt, but my colleagues and I would be glad to discuss any of these with you. All of which we respectfully submit.

The CHAIRMAN: I see several members putting their hands up for questioning. Mr. Leach has summarized his brief. Do you want to have questions before we adjourn? I thought the committee agreed that we would have Mr. Leach and his associates back again at 8 o'clock and proceed at that time. Mr. Olson and others have indicated they wish to ask questions.

Mr. OLSON: Mr. Chairman, we have a few minutes until six o'clock.

The CHAIRMAN: I am hoping that we can get back here at eight o'clock. We have had a fairly long and tiresome day so far. You would be the first questioner at eight o'clock. If you are here at eight o'clock we will begin. Is this agreed?

Mr. LEFEBVRE: Could we not sit until six o'clock sharp and then resume at eight o'clock?

The CHAIRMAN: Is it agreed that we adjourn now and return sharp at eight o'clock?

Some hon. MEMBERS: Agreed.

(Translation)

Mr. CLERMONT: Mr. Chairman, on a point of order, could I please congratulate the persons responsible for this brief submitted in the two official languages in this country?



(English)

The CHAIRMAN: We appreciate this very much and I think that they are to be congratulated for doing this. Before we leave the room, is it agreed that the submission of the North-West Line Elevators Association be printed as an appendix.

Some hon. MEMBERS: Agreed.

The CHAIRMAN: We are adjourned until eight o'clock this evening.

### EVENING MEETING

FRIDAY, February 10, 1967.

The CHAIRMAN: Gentlemen, we are in session and the first name on my list that of Mr. Olson.

Mr. OLSON: Thank you, Mr. Chairman. I wonder if you would permit me to say a word or two on a point of order or a question of privilege? I raised this same point a number of times at the various hearings we held in Calgary, Regina and here again in Winnipeg, with a number of the witnesses we have had before us. It is one of the most irritating problems I have as a member of Parliament with the producers. I was pleased to hear Mr. Brown, who was before us a while ago, say that it was also one of the most irritating problems to their organization and also most annoying to the producers. This is the matter of the differences in the quotas at various shipping points. I hope members of the Committee will hear with me on this even though they think it is a small matter in relation to the over-all concept we are trying to get in western Canada of improvements in the movement of grain and the whole grain trade. It is an annoying problem and, in the short range, it is probably one of the things we are going to have to make a recommendation about to the House of Commons in relation to the operations of the Canadian Wheat Board. It may not be included in the long-range recommendations, but certainly under the present conditions it is an annoying matter.

Mr. Leach, I would like to begin by asking you some questions that are similar to the ones I have asked other representatives of the elevator companies. First, do you have points where the companies you represent have, more or less, a monopoly on the deliveries of wheat from the producers in that area?

Mr. LEACH: Yes, but we do not have enough of them, though. Perhaps, Mr. Olson, you are thinking about points where there is just one elevator?

Mr. OLSON: That is right.

Mr. LEACH: Yes, we do. I think all of us do.

Mr. OLSON: I do not want, necessarily, a specific figure, but generally at what is the percentage of the points where your elevators are represented is there this single elevator company situation?

Mr. LEACH: I would be interested in what my colleagues have here. I would throw out a figure of 15 per cent.

Mr. OLSON: About 15 per cent of the points where there is no—

Mr. J. D. MACDONALD (*Vice-President and General Manager, Pioneer Grain Company Limited*): I would say that is substantially correct and I would also say the word "monopoly" is not strictly correct, because at the end of every year if the permit holder does not care to deliver to that elevator point he may switch his permit to another elevator point where there is competition.

Mr. OLSON: When I used the word "monopoly" it simply meant that where that permit is set up—authorized or whatever you want to call it; accepted by the Canadian Wheat Board—that producer has no alternative shipping point to deliver to, has he?

Mr. MACDONALD: Not for that season.

Mr. OLSON: So, he is more or less in a captive position for that selling season.

Now, we have heard conflicting evidence of how these quotas are arrived at and how they move from the initial units to the one bushel and two, three and four on up the line. For the benefit of the members of the Committee, what I have heard from the Vice-President of the Canadian Pacific Railway, from the Chairman of the Canadian Wheat Board and from the witnesses who have appeared on behalf of the elevator companies regarding the exact procedure in opening these quotas, well, to put it very bluntly, you cannot reconcile them. For example, the Vice-President of the CPR told me—and I asked him three times to make sure that I understood him correctly—that the Canadian Wheat Board set these quotas in advance. They give them the figures that have been set for these shipping points, and then they move box cars in on this basis.

When I talked to the Chairman of the Canadian Wheat Board yesterday he told me that they opened quotas on the basis of having about 50 per cent storage space available for the amount they could expect by opening the quota. Therefore, these things just cannot be reconciled. Then, when I spoke to Mr. Brown he said there is absolutely no discrimination in the allocation of shipping orders between the points where they have a monopoly—I just use that as a convenient word; it may not be, but certainly it is a monopoly for that shipping year—at points where there is an alternative shipping company. I would like to ask you, Mr. Leach, from your position in the grain trade, how do you go about allocating these shipping orders?

Mr. LEACH: Well, Mr. Olson, I would be interested in what Mr. MacDonald might have to say but I can say simply that as far as Federal and Searle are concerned we have always felt that we have to give these single house points, as we call them, a very great preference because if we are so unwise as to try to take advantage of the producer in any one year and he does not receive proper service either from our elevator agent or from the manner of shipping orders then he will go to another point right near to him. Mr. MacDonald what do you say to that?

Mr. MACDONALD: That is absolutely correct.

Mr. OLSON: In your experience have you noticed whether, at the shipping points at which there are a number of elevator companies, the quotas go up faster there or at single points?

Mr. LEACH: Mr. Sellers, would you care to comment?

Mr. George H. SELLERS (*President, Federal Grain Limited, Alberta Pacific Grain Ltd., Searle Grain Company Limited and Pacific Elevators Limited*): Each shipping year is different, but on the average this year we have had less than 60 per cent of our capacity employed and we have had very few points where we could not, all the time, have had far more grain to receive than we could possibly take. I think the wheat board would have liked to have grain come in faster than did. We would have liked to have that happen too.

Mr. OLSON: Did your elevator agents make a recommendation to the wheat board in connection with these points to increase the quota, and was it acted on? Was it rejected?

Mr. SELLERS: We have always acted on—

Mr. OLSON: I am talking about the wheat board, because they actually raise the quota.

Mr. SELLERS: When we have space in western Canada and space for the wheat board to have a backfill for moving grain quickly to delivery points to foreign markets, we feel it is better that the grain be in the elevator so it can be shipped. We lay all this year with the biggest crop in Canada's history with a lower amount in all of our elevators than we would have liked to have seen. This comes back to the producers.

Mr. OLSON: Are you saying, then, that with a lower amount in your elevators than you would have liked to have seen, this is because the quota was not opened enough so that the producers who wanted to deliver were prevented from delivering?

Mr. SELLERS: This, I guess, becomes a complicated point.

Mr. MACDONALD: Who knows what producers want to deliver? One can open the quota but no one knows whether the producer cares to deliver or not. He is given the opportunity to deliver and that is what the opening of a quota means—just that.

Mr. OLSON: Are you suggesting to me, Mr. MacDonald, that it is widespread practice over the prairies to have a sufficiently large quota open and space available in the elevators, but the producers do not bring it in?

Mr. MACDONALD: It is the producer's choice whether he delivers or not.

Mr. OLSON: My understanding of this whole situation is that the producers at almost all of these shipping points bring in all the quota will allow them at any given time.

Mr. R. P. PURVES (*President, Inter-Ocean Grain Company Limited*): Mr. Chairman and Mr. Olson, I would like to comment on the original question, if I may, for a moment. In our particular company we do not have any elevators that are at single delivery points. But I really feel this particular question should be directed primarily to the Canadian Wheat Board—

Mr. OLSON: I am going to ask them more about that later.



Mr. PURVES: —because they are the ones who have the authority to direct which elevators shall ship grain. Now, in some cases we receive orders from the wheat board to ship X number of cars from, perhaps, all of our elevators or all of our elevators within one province, or all of our elevators on a certain list of stations, and we have the right within that limit to place orders where we want to. But, every once in a while, the wheat board exercise their prerogative and they specify how many orders shall be placed at specific points. It is the right—and they do this quite frequently—to specify that X number of orders will be placed at a certain elevator, or you may not place any more than a certain number of orders at a certain number of elevators, with the sole object of evening out the delivery quotas.

Mr. OLSON: Under what conditions do they give those specific orders at specific points?

Mr. PURVES: I understand the Canadian Wheat Board has a very efficient computer and into this goes the amount of grain that is in store in every elevator in western Canada; the amount of space that is available in every elevator in western Canada; they know the number of specified acres for each individual point and they know how much grain has been delivered on that particular quota. They are the ones who are in a position to specify when a certain point should receive orders to ship out the grain. These specific orders come through—not infrequently would be, perhaps, the best way to put it—with the specific objective by the Canadian Wheat Board of equalizing quotas.

Mr. OLSON: Is this only under conditions where certain points are congested and have a quota substantially below the other shipping points in the areas?

Mr. PURVES: Mr. Olson, the question of equalizing quotas is entirely within the prerogative of the Canadian Wheat Board and not within the area of administration or control of the private operators in the grain trade.

Mr. OLSON: I fully understand that.

Mr. PURVES: The wheat board claim, under certain conditions, that it is the grain and they will specify when it is to be shipped and we do what we are told.

Mr. OLSON: I fully understand that, but I am interested in what happens in practice. My observation is—and I have a file full of letters to prove it—that there are points which appear to be in the same region with the same kind of grain at the same time where there can be a difference; for example, one point being on units and another point, a few miles down the road, being on four bushels an acre. I am trying to bell the cat, but I cannot find anybody who wants to be the cat in the matter of who decides when these quotas are to be opened.

Mr. PURVES: I am afraid, sir, that you are talking to people who are subject to very close wheat board regulations. We do what we are told, and if you are looking for a cat to bell, perhaps you had better look elsewhere.

Mr. OLSON: Mr. Leach, may I then ask you how you get railway cars in your elevators? How, from your vantage point, do they get there? Who orders them in?

Mr. LEACH: Generally speaking, we are advised by the Canadian Wheat Board that they wish to have a movement of a certain number of cars of grain that have been allocated to our company and they ask us to indicate the location

from which we would like to ship. We indicate that to them and then sometimes they come back and specify the stations, or sometimes they say: You will ship X number of cars from the stations that were on your list.

Mr. OLSON: You can allocate these shipping orders, I understand that. But how do you get the cars there to accommodate these shipping orders?

Mr. LEACH: We go after the railways. We send the order out to our country agent and he, in turn, places the order. We follow up from Winnipeg or Calgary and say that we want cars in that particular place. In due course, through the hierarchy of the railway, cars either arrive or they do not arrive.

Mr. OLSON: Who in the railway decides as far as you are concerned?

Mr. LEACH: That we have never been able to find out.

Mr. OLSON: Well, is it the despatcher or is there a co-ordinating committee? Does somebody look at these shipping orders and at the guidance sent by the wheat board, or who does it? I cannot find out who makes this decision.

Mr. LEACH: Sometimes, Mr. Olson, we have a great deal of difficulty in finding out, too.

Mr. OLSON: Then, as far as you are concerned, you are not satisfied that there is any really comprehensive way of distributing these cars in so far as equalizing quotas is concerned?

Mr. LEACH: Oh, I do not know whether I would agree with that completely. I think, in theory, the system works.

Mr. OLSON: Pardon me?

Mr. LEACH: I said, I think basically the system works.

Mr. OLSON: Well, for your information a farmer sitting on a one bushel quota who sees his neighbour on a four bushel quota does not think it works.

Mr. LEACH: I can well understand that. I do not think that would be at one of the single house points that our particular section of the trade represents. You used the word "monopoly" and we took it, perhaps, as not being completely correct—

Mr. OLSON: Call it a single delivery point.

Mr. LEACH: A single delivery point, yes. In our section of the trade, if we have a single delivery point we are really going to work our heads off to keep our customers at that particular point satisfied, because we have them and if we do not keep them satisfied we may not have them 12 months later.

Mr. OLSON: Have you experienced difficulties on a significant scale with people changing delivery points, although it may cause them to haul their grain a substantial extra number of miles?

Mr. Leach: We will go down the panel, here. I will start off by saying, no; I think they are very good. Mr. MacDonald, what about you?

Mr. MACDONALD: I think that would be correct.

Mr. SELLERS: I feel we have a strong case any time we have customers that communicate with us. We are competitive. We rarely find we cannot do something about getting equal fairness of treatment.

Mr. PURVES: Mr. Olson, as I said before, I am not in a position to speak for those who are on a single delivery point because we are not in that position. But I will say this: Wherever we have a congested elevator and our particular customers express a desire to deliver, we certainly do everything we can from writing letters to the chief commissioner of the wheat board to writing letters to the president of the railway to see what we can do to move some grain out and make space to keep our customers. I would like to assure you here and now that there is not a more competitive business in Canada than the country elevator business in the west.

Mr. OLSON: I can tell you, too. If I may tell the panel, Mr. Chairman, I know when I make complaints, having received letters, to the Canadian Wheat Board to the railways and to the grain trade that something happens. If there is a point that is way below other points in the area, suddenly the cars move in. But I do not know why. I do not know who makes the decision. Is it fair to conclude from what you said, Mr. Leach, that you do not know who makes this decision in the railways either?

Mr. LEACH: That could be right, Mr. Olson, but I would like to know your telephone number. I sure would like to have some help from you.

Mr. OLSON: Well, Mr. Chairman, I do not know why this happens and year after year, in southern Alberta—Mr. McNamara has admitted it and so has the Alberta Wheat Pool and other people who are involved in the grain trade there—we are on the short end of the stick year after year because of some excuse such as, they have to move to the lakehead, and so on. I am not dismissing that. I accept that as a valid argument under certain conditions. But what I am deeply and vitally concerned about, and so are the people I represent, is that even when they do open the quotas in February, March and April when their shipping concentration is to the west coast, there still is not an equalization of the opening of these quotas at these points in spite of the fact they appear to have essentially the same kind of grain.

What I am trying to get at, when we make these recommendations, is who makes the decision where these cars are going to be spotted? If you do not know well, that is fine, I will accept that. But I am going to keep probing until I find out who does make the decision and whether the responsibility has been transferred to some despatcher, or someone else in the railway company, to assign these cars. There must be space before there is an increase in the quota. Surely you people who are so intimately involved in the grain trade, must have some knowledge of where these decisions are made.

Mr. MACDONALD: Mr. Olson, did you ask Mr. McNamara this question?

Mr. OLSON: Yes, sir.

Mr. MACDONALD: What did he say?

Mr. OLSON: He said: We receive recommendations from the local agents indicating how much space they have and if there is 50 per cent space we will open the quota to the extent of the anticipated amount that will come in on that amount we open the quota.

Mr. MACDONALD: Right.



Mr. OLSON: When I talked to Mr. Fraine—J. N. Fraine, I believe it is, the Vice President of the CPR—he said that they get the quotas in advance from the Canadian Wheat Board. Now, these two statements cannot be reconciled.

Mr. MACDONALD: It could be a day in advance.

Mr. OLSON: No, he said in advance of the season.

Mr. MACDONALD: I do not think that at all.

Mr. OLSON: Well, Mr. Chairman, I am going to pass. I thank you very much for the information I got from you. I am going to pursue this with the Canadian Wheat Board, because I understand they ultimately and finally have the decision to make. I am just wondering whether or not the wheat board have control of opening the quota if they do not have any control over where it is going to be shipped, unless they exercise it as a last resort because of a congested area. This is not very fair to people who are suffering under 25 per cent of what someone down the road has.

Mr. PURVES: Mr. Chairman, may I just answer Mr. Olson's last remark and say it was not much more than three or four weeks ago that we got a circular from the Canadian Wheat Board specifying the number of cars required at specific points in order to equalize cars, with specific instructions that orders were to be placed there. Now, this type of instruction, coming from the wheat board, can be designed only to equalize quotas and do exactly what you are trying to find out. The final authority specifically to say which cars shall be placed at which elevator for shipment rests with the wheat board.

Mr. OLSON: Excuse me; do you mean to tell me that the wheat board do, in fact, have the authority to instruct the railways to spot cars at certain points? They denied this every time I have asked them about it.

Mr. PURVES: Mr. McNamara is not here, but from what I understand from members of the wheat board, that is so.

Mr. OLSON: Then you are just as confused as I am. I have a final question, Mr. Chairman. It is my understanding that most country elevator agents have a surplus of shipping orders all the time in relation to the cars they can get. Is this true? They have more shipping orders than they have cars to ship in, whether you want to call it surplus or anything else.

Mr. PURVES: Orders are sent in advance of cars being spotted.

Mr. OLSON: I am told that some of these country elevators have as many as 20 or 30 shipping orders at a given time and there is not one per cent of hope they could have that number of cars within the next 30 days. Is that a practical fact?

Mr. LEACH: Who knows?

Mr. OLSON: Well, who knows? The point I am trying to make is really that there is never any shortage of shipping orders at these country points, is there?

Mr. MACDONALD: There have been many times when there were. In periods of congestion there are. When the terminals are congested where are you going to ship grain?

Mr. OLSON: Throughout the last two seasons when the terminals have not been congested there never has been any problem about shipping orders in the hands of the local agents, has there?

Mr. PURVES: No.

Mr. OLSON: Thank you, Mr. Chairman, I have already taken up too much time.

Mr. LEACH: I do not wish to belabour this issue, but I do not want to close off this particular note, Mr. Olson. Occasionally there are times when some of us feel that we have not got as many shipping orders as we would like to have.

Mr. OLSON: I will accept that.

(Translation)

Mr. CLERMONT: Mr. Chairman, Mr. Leach—his brief is submitted by a group of owners of elevators, local elevators and terminal elevators, but there must be points where you are in competition one with the other?

(English)

Mr. LEACH: Yes, you are quite correct, Mr. Clermont. While we may be a happy group sitting up here, tomorrow morning when we get in competition with each other we will be a very competitive group. We are a group of individually owned companies and we carry on very keen competition.

(Translation)

Mr. CLERMONT: On page 8 of the French version of your memorandum, you speak of the 315 percent income increase in country elevators, what is this salary, what is the percentage of salaries in total expenditures, in round figures?

(English)

The CHAIRMAN: Do you mean for the staff?

Mr. CLERMONT: Yes. Out of 100 per cent total expenditure, what will wages represent? Will it be 5 or 10 per cent of that?

Mr. LEACH: Subject to correction, I would say our country elevator agents' wages, possibly represent 50 per cent of our operating expense at the country.

(Translation)

Mr. CLERMONT: This percentage of 50 per cent you mentioned, is this the present percentage and if so, what was the percentage five years ago, was it the same proportion five years ago?

(English)

Mr. LEACH: I think it would have been in the same proportion. We have had a commensurate increase in our municipal taxes; cost of repairs and cost of various incidental expenses. If I was correct in saying that our elevator agents' wages was 50 per cent of our cost, I think that ratio has been the same over a period of years.

(Translation)

Mr. CLERMONT: Would the percentage be the same in terminal elevators

(English)

Mr. LEACH: No, actually I think in terminal elevators where we have a greater percentage of labour cost—that is, salaries to men—with reference, perhaps, to our taxes and our original investments, the increases salary-wise have been proportionately greater than 50 per cent. I think that is what you have in mind.

(Translation)

Mr. CLERMONT: On page 9 of your brief, French version, you mention for the financial year 1964-65 and 1966 that your companies got some country and terminal elevator operations \$11,682,000. and in the same years that you spent \$12,110,000. for capital expenditures. But the \$11 million only represents revenues for elevators. What are the other revenues from your companies?

(English)

Mr. LEACH: Well, the \$11,682,000 represented straight grain revenues from running either a country and/or a terminal elevator. We did embark into the fertilizer business and, at the current moment if we can collect our debts, we hope we will make a little additional revenue from that. Some of the companies have embarked into seed operations or other ancillary enterprises which are, basically, additional revenue but not particularly substantial. But, I think the point you were making is that the \$11,682,000 originates basically from grain. Actually that revenue was not true revenue; it was even less than revenue, because we had revenue plus depreciation amounting to \$11,682,000, and in order to update and upgrade our facilities we put out \$12,110,000.

(Translation)

Mr. CLERMONT: Your other activities that you mentioned, such as the sale of fertilizers, etc., are these business activities through terminal or country elevators?

(English)

Mr. LEACH: Basically these are through the country elevator and they tie in with the remarks I made earlier about the changing pattern of what we are doing out in the country elevator, where it is necessary to become a service centre and offer a complete range of services to our country customers.

(Translation)

Mr. CLERMONT: Your capital expenditures, \$12,110,000, were these capital expenditures for new elevators and modernized equipment?

(English)

Mr. LEACH: I would say there again, just in a straight round figure, about 50 per cent were for new country elevators that were being built in the west to keep pace with the changing pattern. I referred earlier to the fact it was necessary to do this. The other 50 per cent probably was on a modernization of our terminal elevators at Vancouver and the Lakehead.



(Translation)

Mr. CLERMONT: My last question, Sir, is the following. Page 11 of this brief, you say that not a single new company has gone into the elevator industry—either country or terminal elevators over the course of the last forty years. Do you mean share capital companies?

(English)

Mr. LEACH: Any company, no company.

(Translation)

Mr. CLERMONT: No companies. Do you include co-operative in that, and the pools?

(English)

Mr. LEACH: I have to do some arithmetic now. No, all the pools were in business 40 years ago, but no companies.

(Translation)

Mr. CLERMONT: Thank you, Sir.

(English)

Mr. LEFEBVRE: Thank you, Mr. Chairman, I will not be very long. I just want to get Mr. Leach's opinion on a question I have asked previous witnesses. Do you believe, sir, that the life span of the country elevator is good for a long time to come, or do you see in the future a gradual phasing out of this part of the business and a change to regional elevators?

Mr. LEACH: I think, Mr. Lefebvre, it was either you or one of the members of the Committee who made reference to a study produced earlier by some engineers in which they suggested 75 elevators could take care of the entire needs of western Canada. Perhaps if we were beginning right from the start, and somebody had \$50 million to build up an elevator system in western Canada, that particular aspect might be very good. But the facts of life for that aspect are there are still quite a number of elevators around that are not just going to go out of business because somebody has decided they are going to build up a whole new system. Consequently, those elevators that are left, which have 5 or 10 years life left in them and are giving the farmer the opportunity to haul his grain on a 10-mile haul or a 5-mile haul instead of a 50-mile haul, are still going to perform a useful function. I think we are all working towards what you had in mind; namely, the large elevator at the large regional centre, as you described it, is unquestionably the direction in which we are going. But I do not think it will happen overnight. I would like Mr. Purves to comment, because his company has done some remarkable things in that particular field.

Mr. PURVES: Mr. Chairman and Mr. Lefebvre, I would like to say that in theory perhaps this is a very logical conclusion to our present dilemma, but in practice it would require a great deal of technological development. We heard this morning the Hon. Harry Enns talking about the remote possibility of submarines and this type of thing making the port of Churchill much more economically viable in the future. If we had a much more extended network of excellent highways; if we had much larger trucks and reduced trucking costs so

you economically could convey grain by truck for 40 or 50 miles, and if our farms were very much larger so that each farmer would, perhaps, want to ship 1200 or 1500 bushels at a time to an elevator, I think we might very well conceive, in the first instance, this type of 75 elevator system.

Now, if you say 75 elevators, perhaps you will need 150 or 300 elevators. But, the principle is the same, in that it is going to involve more trucking, better roads, larger units both at the farms and of the trucks to make this work. Each one of these units is going to be much more expensive to operate than the present elevators as we know them. But I would like to suggest to you that one of the most important disadvantages of such a system, if we can visualize it theoretically, would be the lack of competition. I think the farmer in the west today benefits very, very greatly from the very aggressive competition which takes place between the elevator companies, both the private companies and the co-operatives, to receive the farmer's grain. He has the option at most delivery points of going to at least three, if not more, elevators with almost every load of grain he brings in to obtain the best grade and the best advantage as far as dockage is concerned. If he finds the particular agent to whom he is delivering does not always have space for him when he wants to deliver, he will go to some other elevator company, and that company is so anxious to handle his grain and keep him as a customer that they will go to very great lengths to make sure space is made available. The farmer receives, to my mind, the very best service he can expect because of this competitive factor. If we are going to go to a theoretical single point, perhaps it would have to be administered by a governmental body. He would be deprived of the drive in the present competitive system which results in service, and I would like to suggest that the person who would lose the most would be the farmer producer.

Mr. LEFEBVRE: Thank you; a very good answer.

Mr. CROSSMAN: Mr. Chairman, during the questioning by Mr. Olson there was a remark that perhaps he was here to bell the cat. Well, I would like to say that I do not think any of the members are here to bell any cats. We are here to get as much information as possible and I hope by getting this information we will be instrumental in eliminating some of the problems pertaining to agriculture. In my case, I am as interested in the agriculture of the prairie provinces as much as I am in any of the agriculture from Halifax or Newfoundland to Vancouver. But one thing that amazes me—and this is my first trip to the western provinces—

The CHAIRMAN: Do you have a question, Mr. Crossman?

Mr. CROSSMAN: Yes, I have. I am working up to it. What amazes me is that in all other forms of industry drastic changes have taken place since the first world war and again since the world war II, and yet grain is still being handled in the way it has been handled since 1918. Has any study or real effort been made to modernize the way we handle grain in the elevators?

Mr. LEACH: Mr. Crossman, we in Winnipeg thoroughly enjoy your Buc-touche product. Except that we have not found anything better, as I said before dinner, than the law of gravity for handling grain, we feel we have been doing quite a bit of work in attempts to modernize. One company with which I am associated tried building an all-concrete elevator in the country, for instance, a

couple of years ago. Metal elevators have been built. We have materially changed the design. Now we are building higher elevators which are called composite elevators instead of lower elevators with the annexes beside them. We have made considerable change in the matter of transferring grain and cleaning grain inside these country elevators. I do not think we have been decadent at all except that we just have not beaten Sir Isaac Newton yet.

Mr. CROSSMAN: Would that account for the difference in the construction price of an elevator in the 1920's of \$2 million, compared to \$22 million today? Is that the same capacity elevator?

Mr. LEACH: That is a terminal elevator and perhaps Mr. Sellers would like to reply to that.

Mr. SELLERS: First of all, going back to the country elevators, the elevator used 20, 30 or 40 years ago were elevators where horses would draw up small loads and we had little gas engines that did the elevation. Now, the cost of electricity in the saving of manpower and for efficiency, and the scale required for large modern trucks have been moving forward step by step. Now in connection with the analogy that you just mentioned—swinging back over to the terminals—I would say the terminals are different, too. This afternoon you heard what the UGG said. They built a terminal they thought was modern in 1928 but it did not have the ability to handle saltwater vessels. Our company has just completed, at the expense this year of something over \$3 million, a berth deep enough to carry saltwater vessels with high loading spouts for the fast loading that is required. Also, with no improvement, really, at each elevator that we have—and I think this is true for the pools and everybody else—we had to spend something in excess of \$500,000 to make them conform to codes by changing electric motors that would run for another 20 years and were in perfect condition. We had to put a new type of wiring, in our elevators—we have a total of roughly 10—and spend that much money without getting one bit of extra earning power.

I believe the Saskatchewan Pool terminal at the west coast was referred to very briefly. We do not have their figures, but you may have talked to our friend Charlie Gibbons about it. We are told by the press that it cost \$22 million on their contract for a some 5 million bushel terminal. This is a very hard thing to justify today, but that is not the same terminal you built for a lower price some years ago. It does have car dumpers; it does have electronic scales; it does have less manpower; it does have dust control and things we did not have before for the safety of people. Things like electronic dust control and the extra safety measures that were not there before cost us millions but do not reflect in any way in our earning power for the very same terminal we happen to have. That is really the answer to that, I guess. That is one of the reasons, apart from general cost. There are a lot more things you have to add to conform to safety codes that we did not have before.

Mr. CROSSMAN: Did you say the \$22 million elevator would handle a large capacity or have a faster operation than the terminal elevator of some years back?



Mr. SELLERS: I think we would be melodramatic to compare \$22 million to \$2 million, because that was what could be done then. Let us not go back quite that far. The \$22 million elevator the Saskatchewan pool will have will be a fast and efficient modern elevator, but it will not be any faster or more efficient than our terminal, the Pacific No. 1, which some of you gentlemen may have seen, and we do actually handle and ship almost 40 per cent of all the grain out of Vancouver. We are the largest shippers out of Vancouver.

Mr. JORGENSEN: Mr. Chairman, if I may be permitted, for a moment. I would like to flog the horse that Mr. Olson almost beat to death. I would like to ask Mr. Leach how many types of shipping orders are there?

Mr. LEACH: I will defer to Mr. MacDonald, because he really deals with these in his business.

Mr. MACDONALD: First of all there are wheat board shipping orders. They comprise the bulk of our shipping orders! Then there are shipping orders concerning open market grains. Those are the two rough divisions.

Mr. JORGENSEN: Within the orders you receive from the Canadian Wheat Board, how many types are there? There are mill orders, I understand.

Mr. MACDONALD: That is right.

Mr. JORGENSEN: How many of that type are there?

Mr. MACDONALD: I suppose the board could create an order any particular time they have orders for urgently required grain that is a grade that is wanted immediately at the terminals and it gets very high preference. There is a type of order for congested elevators. There is an ordinary board order. There are orders for carlots of accepted over quota malting barley. There are specific orders for open market grains. I think that just about covers it Mr. Jorgenson.

Mr. JORGENSEN: Is there any particular order in which they are received? Is there any priority? Do you receive one first at the beginning of a crop year, or could they come in any order?

Mr. MACDONALD: Mr. Jorgenson, we know that when an elevator is filled to a certain capacity it automatically goes on a congested order and that is given a specific order number all through the season by the Canadian Wheat Board. Agents may order on that. Then, urgently required grain is designated by the Canadian Wheat Board according to their needs. I remember a case where the order number happens to be 500. If they wish No. 4 Northern, for example, shipped to the lakehead, they put it on order 500 which gives it top priority in the orders.

Mr. JORGENSEN: Do you treat these various orders in different ways? For example, if you receive a mill order do you acquire that grain for the mill order in a different area or in a different way than you would, say, for an order for a shipment to the lakehead?

Mr. MACDONALD: I do not think your question is specific enough for me answer it accurately, Mr. Jorgenson.

Mr. JORGENSEN: Let me give you an example. Let us suppose an elevator company, one of your competitors, receives a mill order.

Mr. MACDONALD: Yes.

Mr. JORGENSEN: That company will decide to fill that mill order from within a 50-mile radius of the particular mill that grain is going to.

Mr. MACDONALD: Not necessarily, because the mill may indicate it prefers that grain to come from a certain station because of various qualities it might have.

Mr. JORGENSEN: So, there is no particular way in which orders are received and no particular way in which they are handled?

Mr. MACDONALD: Let me say this, Mr. Jorgenson: At the beginning of the season the board designates the congested elevator orders as I mentioned. All they designate urgently required grain and then the other orders just come regularly from them.

Mr. JORGENSEN: Do you fill any orders by truck rather than by having cars spotted at your elevator?

Mr. MACDONALD: For the occasional small order, very close in, we might.

Mr. JORGENSEN: Yes.

Mr. MACDONALD: But, let us say it is negligible.

Mr. JORGENSEN: It would not be an appreciable amount?

Mr. MACDONALD: No.

Mr. JORGENSEN: I know of instances where there are two competing elevator companies. One elevator company will fill its mill orders from within a radius of the particular mill—provided, of course, the quality is there—whereas the other company will fill its orders in a different fashion. It will spread them equal around the province. So, you will find a situation at this particular delivery point where one elevator company will be complaining because it is not getting enough cars at a particular time of the year when later on in the year, because of the difference in filling orders, the other elevator company will be complaining because it does not get enough but, at the end of the year, the quotas usually even out.

Mr. MACDONALD: Our procedure, Mr. Jorgenson, as soon as we get an order from the Canadian Wheat Board, is to put it out to the country agent. The country agent is instructed to put the car on order with the railway for the fulfilment of that order. The responsibility for spotting the car thereafter rests with the railway according to the Canadian Wheat Board shipping priority order 500, as I mentioned, or in order for a congested elevator.

Mr. Purves, have you anything to add to that?

Mr. PURVES: I would just like to say that from time to time the wheat board issue a priority on which grain will be shipped. They will specify the grades; may be wheat, there oats, there barley, then Durum, and so on. They will change these priorities from time to time. In the normal course of events order 500 which is their urgently required grain, comes first; congested orders come second; mill orders and over quota barley orders come below this and then the normal grains they require. But, I think we should make it abundantly clear that

the placing of orders and the distribution of box cars comes specifically within the purview of the Canadian Wheat Board. While they may give companies some latitude from time to time in the placing of orders—they may give you X number of orders and allow you to place them at a specified number of points or at a number of elevators within a specified area—ultimately the Canadian Wheat Board control where the orders will go and very definitely, from time to time, you get specific instructions that orders must be placed at specific points.

Mr. JORGENSEN: That is when Mr. Olson has been in contact with the board.

Mr. MACDONALD: I am not quite sure whether Mr. Olson is the man who has the key, but if he is I would like to get to know him much better.

Mr. PETERS: I wanted to ask a question about the problem of bringing some of the other commodities under the operation of the board in the same manner that we have course grains; namely, rapeseed, sunflower, flax and rye. In your opinion, what would be the result of bringing these under the control of the board?

Mr. LEACH: My own answer to that, Mr. Peters, is I feel, as was pointed out in one of the earlier briefs with wheat being an international commodity traded almost between governments, that the wheat board fills the purpose and does a good job. A bit of that, as pointed out in the earlier brief of the United Grain Growers, also extends, perhaps to oats and barley. But, in oats and barley there is an open market which, at the current moment, serves as a bellweather, one might say, for prices, inasmuch as there is a great deal of traffic within Canada itself in oats and barley.

When we get into the lesser commodities, particularly flax and rapeseed, these are very competitively-priced world commodities. Peanuts from Africa, olives from Italy and other items compete with them, and it is my personal opinion that the producer would not be well served if these were to come within the purview of the Canadian Wheat Board. The worldwide marketing system of the companies engaged in world commodities is better able to reflect the situations that develop and the demands that develop for these oil seed products, and/or rye than, possibly, the wheat board, with its particular facilities for wheat only, can do at the moment.

I think it is rather interesting that several years ago when rapeseed was beginning to become a very important product for the western Canadian farmers, all of the companies, the pools, the United Grain Growers and the independent companies, gave the producer an opportunity either to go into a company pool or to sell on the open market. It think in the last two or three years of offering them that alternative, we ended up with only about 10 per cent coming in on this company pool basis.

So far as the companies are concerned, we can make our handling margin one way or another. But, from the point of view of the producer, we feel we can reflect a market situation back to the producer better under the circumstances of these commodities, than if they were all under the Canadian Wheat Board.

Mr. PETERS: I gather that most of the pressure to have the oil seeds under the Board's control stems particularly from when the price of rapeseed jumped



60 cents over a very short period of time, and before very many producers could unload at this price the market was gone again. Could you explain why this happens?

Mr. LEACH: Nobody lost any money.

Mr. PETERS: Well, the producer figured that he was not able to get in on the market which, apparently, was available.

Mr. SELLERS: First of all, the free market faces a very difficult situation handling rapeseed. I might say I think our company was the first to develop the sale of rapeseed to Japan. I did a great deal on this. Unfortunately, we do not have control of the cars to make delivery of rapeseed to the delivery point, which is in Vancouver. At the present time there is a regulation that no more than 1 million bushels—correct me if I am wrong—of rapeseed is allowed in store in Vancouver. So, we could sell rapeseed for future delivery but we could not get the cars. If you cannot get the cars you hold up the free trade on the market and somebody, then, can be in the position of having the rapeseed ready for delivery but unable to get box cars because it is the wheat board who allocate the box cars.

Now, this is a very difficult situation. The reason for the fluctuation in price is not only the market but the fact that there is, at the present time—whether perhaps, an adjustment in free flow and we are expecting a flow through the lakehead in the future—a situation of very limited storage capacity and no control over your cars, and somebody can offer a fictitious price for a very limited period of time for rapeseed on the spot.

Mr. PURVES: Mr. Chairman, might I comment on this specific instance? I will not get into all the technicalities, but perhaps I can tell you briefly what happened. This was in January, two years ago. Some export commitments were made for rapeseed out of Vancouver. At the time, the Canadian Wheat Board were behind in their shipments of wheat. I understand this was the period of time when up to 25 ships were waiting in Vancouver harbour for wheat. The weather conditions through the mountains were very bad. Trains were being held up by a lot of storms and slides, and so on. A relatively small amount of rapeseed had been sold for export. It was under a quarter of a million bushels and the ships came in for it. The exporters had ordered the boats to come in at the end of January, and in order to cover their commitments they had bought the January futures, expecting to take delivery. As it happened, those who had sold the January futures had not anticipated this tremendous congestion. The wheat board were oversold by, perhaps, ten times as much as the private trade in rapeseed. But they were in no position to give special preferential treatment for the rapeseed. They were already committed for all the grain they could move out there.

In consequence the people who had sold the rapeseed for delivery on the January option were not able to fulfil their commitments and they were forced to go into the market and buy back their option. There was only one way to do that and that was to keep bidding the price up. There was no possibility of getting more rapeseed now, a very very small amount was required to fulfil commitment and before the option went off the board it did advance to 60 cents. It went up 15 cents a day for the last four days of the option month. But really

did not reflect an increase in the demand for rapeseed. It did not reflect an increase in the basic price. It was a technical situation brought about by the same congestion the wheat board were facing with 25 boards sitting waiting for grain.

The pricing mechanism of the futures market is such that it is reflected on the board of the Winnipeg grain exchange. It is reflected in every newspaper in western Canada, and I think it is only natural that farmers would look at the newspaper and find that rapeseed had advanced 15 cents that day but the price in their local elevator had not advanced. If they could have chartered an airplane, or found some other way to get the rapeseed over the Rockies and into delivery in the Vancouver terminals, I am sure nobody would have been happier than the exporters who had boats sitting there waiting for it. It was a very unusual technical situation, brought on by congestion at the ports, caused basically by the very high wheat shipments and the unusual weather conditions through the mountains.

It was a very unfortunate circumstance. As Mr. Leach said when he started there was no great amount of money made in this. Actually, no amount of money was lost in the sense of farmers not being able to take advantage of this price, because had they been able to take advantage of it a very small amount of grain would have satisfied the demand and the price would not have risen at all. It was a specific technical situation.

Mr. PETERS: This raises two questions. I have never followed the rapeseed market, so I do not know, but is there normally a fairly large spread with rapeseed?

Mr. LEACH: It has been a fairly straight-forward market and, I think, very satisfactory. Many of the people who were instrumental in starting the futures market on rapeseed—I would like to refer specifically to the Alberta Wheat Pool; Mr. Helmer Moen of the Alberta pool was chairman of the rapeseed committee and did a very fine job in setting up the futures market on rapeseed—have developed an alternative delivery point in interior terminals in trying to avoid this particular problem of limitation by the wheat board on the movement through the west coast.

At the present time the grain exchange actually is studying the establishment of a rapeseed market with delivery in Fort William. We believe this particular crop has a great future and with more research on rapeseed meal and oil we could find a much greater use for it in Canada. This would necessitate a movement eastward rather than through the west coast. We think there is a big future in developing external markets in Europe, but of necessity this would have to start through relatively small parcel shipments, and it is not possible to charter small-liner space out of the west coast for European ports. Therefore, this would have to go eastward.

We think the establishment of a pricing mechanism based on an eastward movement of rapeseed, either in conjunction with the present westward basing point or to replace it, would do much to increase the demand and market for rapeseed for western producers. It is something that is undergoing very active study at the present time. As you probably know, the exchange and the private

trade, amongst others, are supporting a rapeseed committee or council that will endeavour to promote and encourage the use of Canadian rapeseed and develop new markets for it.

Mr. PETERS: If the wheat board does not agree or actually assist in the pressure to have it under the board, is there something the board can do in terms of fitting these oil seeds, which appear to be a rapidly increasing product, into their operation? Is there any way the board can influence, through their operation, a change in the transportation policy—after Mr. Olson finds out what this is—to allow a percentage shipment to permit the orderly development of rapeseed and all other seeds on the west coast?

Mr. PURVES: As was pointed out earlier, at the present time they have established a maximum capacity of 1.5 million bushels on the west coast for rapeseed. Perhaps in the light of the total marketings through the west coast this is not an unreasonable limitation. After all, they are responsible for moving very, very large quantities of grain and at times, for one reason or another, there has been a great deal of congestion. We have been delayed on it and they have their problems in moving wheat, also.

Mr. PETERS: Is there a limitation on oats and barley to the west coast?

Mr. LEACH: Oats and barley moving to the west coast are on specific shipping orders of the wheat board and I presume they give orders for shipment out there when there is a known market for them. It is not an open market grain like flax or rapeseed and it moves in accordance with specific wheat board instructions.

Mr. PETERS: Thank you.

Mr. CADIEU (*Meadow Lake*): I have a question, Mr. Chairman, for Mr. Leach. Is the North-West Line Elevator Association prepared to go into some of the new agricultural areas that are being opened in the northern part of the provinces, and some of the areas that have been deprived of and are now hopeful of getting a much needed rail line and give these settlements the same good service they have supplied for so many years to farmers in that part of the country? Or would they want to see these farmers haul their produce from 50 to 100 miles, as some members would like to recommend?

Mr. LEACH: Thank you very much, Mr. Cadieu, for your very kind words and the service we have given in the past. I think I speak for all members of the North-West Line when I say that any time we can find a point where we can establish an elevator that is going to have a profitable handling, why, there will be an elevator going there.

I think I might just make reference to the operation of one company, the National Grain Company. Unfortunately the president, Mr. Heffelfinger is unable to be with us here tonight, so I can speak in glowing terms of a competitor much as I dislike it. Even away up in the Peace River they have established a very interesting operation where they have a new concept of a large elevator and storage and are really going up into the hinterland.

Now, concerning getting at places where there are no rail lines, at the present moment we need to get a licence from the Board of Grain Commissioners and the point has to be served by a railway. But it has always been the



indication that they are not unreceptive—and they have not been unreceptive in the past—to licensing what you might call interior country terminals where there are no rail lines. Certainly we are prepared to move as quickly as the north moves.

Mr. SELLERS: As we are, in a way, associated, could I answer this for Mr. Leach? We are the proud possessors of the farthest north grain elevator in the world, I think, at High Level. Farmers were forced to haul almost 100 miles from there over to Manning, Alberta. They were complaining because trucking costs were too high. As soon as we built that elevator, naturally the Alberta pool came in and built beside us. Nobody can build north of there because of muskeg, so we will remain no matter what competitor comes in. That location is north of Churchill, believe it or not, gentlemen. We have an elevator north of Churchill at High Level, Alberta. We built that elevator to avoid a hundred-mile haul due to a lot of persuasion. This has something to do with how we consolidate a number of elevators.

Mr. CADIEU (*Meadow Lake*): These people are hopeful of getting a rail line. There are going to be so many lines abandoned farther south that we hope there will be no shortage of steel and we might get this much needed line finished. I think I have possibly one of the only elevators operating in the north where there is no rail line, at Makwa, Saskatchewan. We have quite an area in there where people are hopeful of getting this rail line for which they have waited so many years. I was just wondering if the North-West Line Elevator company were still prepared—not to listen to some of these witnesses who have not had to haul their grain for 5200 miles—to go in and continue the good work you have been doing.

Mr. SELLERS: We had better get on the railways then.

Mr. LEACH: That is right, I think we gave you the message, Mr. Cadieu.

The CHAIRMAN: If there are no more questions, on behalf of the Committee I would like to thank Mr. Leach and the other members of his group for their presentation, and the open and free way they answered Committee members' questions.

Mr. LEACH: Thank you, Mr. Chairman.

The CHAIRMAN: Gentlemen, the next witness is Mr. Gil Molgat, the leader of the Liberal Party of Manitoba. I will ask Mr. Molgat to introduce his officials and then go on to the presentation of his brief.

Mr. Gil MOLGAT (*M.L.A. Leader, Liberal Party of Manitoba*): Thank you, Mr. Chairman. I would like to introduce Mr. Rod Clement, M.L.A. from Birtle-Russell constituency and a member of our agricultural committee for the party, and Mr. Ralph Rasmussen who is the chairman of the agricultural committee of the Liberal Party of Manitoba.

Mr. Chairman, I am aware your Committee has had a long week with some long days in it and it is not my intention to read the brief I have page by page. I think all of you have copies of it and I will cover it as best I can by paraphrasing and if you have questions, then I will be very happy to do my best to answer them.

*(Translation)*

For those among you who are not English speaking, I wish to present my apologies because I did not have a French copy of our submission. Unfortunately we did not have time to have the translation prepared, and I will admit it is not always easy to get someone to translate our texts for us, but I will be delighted to send you a translation later if you wish, and I will be very happy to answer your questions in French if you want to put them in French.

*(English)*

Mr. Chairman, first I would like to say how pleased we are to see you in your Committee here in the province of Manitoba. I think this type of contact between the federal government and the at large is most important. The opportunity for the members of the House of Commons from all parts of Canada to travel the length and breadth of the country is, I think, very useful to them and I am sure it is most useful to the country at large to see you and have an opportunity to appear before your Committee which, of course, is quite difficult when the Committee meets only in Ottawa.

If I might say something a little outside of agriculture I think, as well, this type of visit is an important item in Canadian unity. I think the very fact that you join together here people from every part of Canada and travel through it is most useful from that end of it if for no other purpose. So, we are happy to see you here in Manitoba.

The CHAIRMAN: We hope you write the Prime Minister a letter telling him that.

Mr. MOLGAT: Well, as a matter of fact, Mr. Chairman, I would be prepared to do that. I would make one suggestion, however. I think perhaps your agenda has been a little overloaded. I think there would be some benefit as you travel through in being able to see some of the other activities apart from purely sitting at meetings like this. I do not know how much opportunity you have had to see some of the things going on in the province from an agricultural standpoint.

The CHAIRMAN: We will be back.

Mr. MOLGAT: You will be back? We will be happy to see you.

Now, Mr. Chairman, you have had many briefs presented to you during the course of your trip. I would assume that most of them told you we are still plagued in western Canadian agriculture with the cost price problem. It is quite true that many farmers earn a relatively good income. But we still have many farmers in the west, particularly in the marginal areas of our province, who are earning less than the minimum wage. We believe, in the Liberal Party of Manitoba, that there are a number of reasons for this condition. Due to higher paying jobs in industry farm labour is hard to find and it is expensive in relation to the earning ability of Manitoba farms. Secondly, land values have gone up very substantially. This makes it increasingly difficult for farmers to obtain land at reasonable prices or at prices in line with its actual productive capacity.

Now, both the high price of land and the labour shortage have led to greater use of purchase input to replace labour and land. Unfortunately, with these purchase inputs have increased the volume of farm products per acre and

man, the price that the farmer receives for his product has not kept pace with the cost of these purchase inputs. So today, both small and large farmers find themselves on the same treadmill, but the small farmers particularly are finding circumstances very difficult. They do not have the ready access to capital to proceed with these inputs and they do not have land in large enough quantity to make it a practical economic fact.

Now, we are most anxious to see agriculture continue to share in the tremendous growth of Canada and to take its part in that development, to share and participate in making Canada ever stronger. We think from a long-term standpoint it is important to recognize this contribution of agriculture. We would like to see, in general principles, the following broad principles adopted; that is, that policies to aid submarginal farmers and subsidized types of agriculture should be separate and distinct from those that are designed to increase productivity. We should separate those two problems. One is a social problem. The other is an economic one. The policies formulated to assist non-productive farm units should not hurt the growth and income position of productive units. Policies applied to one part of the country must not put farmers in another part of the country at a disadvantage unless, of course, that disadvantage is inherent in the area or the individual. We would hope these principles are acceptable to your Committee as well.

We believe the ability to produce food in abundance is a wonderful gift that Canadian agriculture possesses. Canada must learn to live with this abundance and to accept it, not as an evil, but as something which is God's bounty. In view of the imminent world population explosion and the fact that even today most people of the world live on subsistence levels of food, it is foolhardy to accept any other long-term concept.

The problems and the cures of agriculture, Mr. Chairman, cannot be covered in the course of a short brief and I do not pretend that the proposals we put forward to you tonight are a cure-all or the answers to all of our problems. I wish to highlight some of the particular areas where we believe action is necessary. First of all, an increase in the initial payments. We ask, Mr. Chairman, that the initial payment a bushel be increased by 25 cents for wheat, 14 cents for barley and 10 cents for oats. We believe this is important to the farmer because it would put cash in his hands when he delivers his product which, by and large—at least the initial deliveries in the fall of the year—would mean that he would have more money available to pay his bills; money to purchase his fertilizer at that time of the year and store it if he so wishes; and money to put him in a position to pay off his debts and cease paying interest.

We believe there is no risk here to the Canadian taxpayer because the spread between the final price and the initial price has been sufficient in past years to allow that increase in the initial payment. I want to emphasize, Mr. Chairman, that we do not believe that an interim payment is the proper answer. We know this has been done in the past but we believe it would be much better for the farmers of the west, and for the businesses with whom they deal, to have an increase in the initial payment, not an interim payment coming in sometime during the course of the year. We recognize, of course, that for this particular crop year, if an increase in the initial payment were to be announced in the very



near future, it would mean those who have delivered already would be entitled to an adjustment for the amount they have delivered. But this would be, of course, for this one period only.

I might add, while we are on the subject of wheat prices, that we are anxious to see a substantial increase, of course, in the world wheat price when the agreement is renegotiated.

Concerning the Canadian Livestock Feed Board, it is our impression that one of the purposes of this board is to buy grain at the lowest possible prices for eastern feeders. On the other hand, the purpose of the Wheat Board is to obtain the highest possible prices for western wheat producers. We believe there is a possibility of conflict between these two agencies. We hold strongly to the view that at no time should prices be such that they are below the market levels. We want to see the wheat board get the maximum amounts they can for our producers.

We believe the feed freight assistance policy is harmful to livestock breeders and growers here in the west. We believe we have an inherent ability to produce cheap feed grains. Yet, part of the reason for the failure of our own livestock industry to develop as quickly and as far as we would like to see it, is the fact that this subsidy is, in fact, creating an artificial situation by encouraging the growth of the livestock industry elsewhere. So, we recommend that this subsidy be removed and let economics make the decision where livestock will be fed in Canada.

The costs of machinery make up about one-half of the total fixed and operating costs of the average western farmer. So we commend the government for its inquiry into this area and we look forward to the recommendations of Professor Barber when they are completed.

In connection with rail line abandonment, we recognize there must be some rationalization of the rail line system. We believe, however, that unless major farmers are going to be placed in an unfair position and there is a partial abandonment of the Crowsnest Pass rates, certain action should be taken by the federal government. We would recommend where a branch line is abandoned that there be a co-operative program between the federal government and the provincial government and possibly the railways as well to provide other connections—not necessarily the identical connection, because very often a cross connection would be more satisfactory—by means of all-weather hard-surface highways, and that this be a joint program.

While the federal farm management program has been accepted as a provincial responsibility, we believe there could be some improvements by a joint federal-provincial program covering at least the three western provinces which have similar problems and similar economics. We believe this is going to be even more important in successful farm management. So we recommend a joint federal-provincial program which could be carried on by means of a correspondence course. There has been some successful work this year through television courses.

We would suggest as well that the federal government might consider the use of a computer service to be available to farm management groups, as well as to anyone involved in the field of agriculture, so that we could make this new science more useful to agriculture.

I might say in passing that we are fortunate in having at the University of Manitoba the most powerful computer in Canada, met only by one other in the service of the federal government itself in Ottawa. So, we would be in a position to conduct this type of service if it were started.

In the area of rapeseed marketing, Mr. Chairman, we believe that great new fields are open for western Canadian agriculture.

The CHAIRMAN: Mr. Rapp is quite happy. Everybody has mentioned this.

Mr. MOLGAT: You have had enough of it? Perhaps I should refer you to pages 6, 7 and 8 of my brief, Mr. Chairman. Let me simply say that the production of rapeseed in the past year in the west was 20 million bushel. The production of—how much?

Mr. RAPP: Twenty-two million.

Mr. MOLGAT: Twenty-two million? I am sorry; I am 10 per cent out.

The CHAIRMAN: He is an expert on rapeseed.

Mr. MOLGAT: The production of wheat was 844 million bushels. Here is an opportunity, we believe, for diversification. It is true that right now we are selling our wheat. From the representations made today by the wheat board we can look forward to constantly selling it. But we think it would still be of advantage to Canadian agriculture to have some variety. We think here the federal government has a specific job to do. I have outlined in my brief specific areas where we would like to see action.

We suggest research into the types of rapeseed to make them more proper for our climate and bring them up to our needs; research in the meal and then, from the other side, marketing research in so far as the oil is concerned. At the moment very little of the oil is consumed in Canada. There is a little of it ground here in Manitoba and yet, if you go into any of our retail stores, you will find virtually no rapeseed oil for sale. Canadians are not using it. No major producers that I know of at the moment are in the rapeseed oil business. Yet, we are exporting it to other nations. I am told that research has found the oil to be more suitable for many purposes—for frying, and so on. All this is to be researched, marketed and explained to the Canadian people. Here is an opportunity to assist our agriculture in general.

Those, Mr. Chairman, are the specific comments we had to make. I want to thank you very much at this late time of day, late in the week, for the attention of your Committee. I will be happy to answer any questions.

The CHAIRMAN: Thank you, Mr. Molgat. It is a good, short brief. Your narration was fairly complete. I have two members who have signalled they want to ask questions, Mr. Clermont and Mr. Côté.

(Translation)

Mr. CLERMONT: Mr. Chairman and Mr. Molgat, in your brief you said that the farmer must continue to benefit from Canada's economic expansion, and that the farmer is going to be an important factor in continued economic expansion. No doubt when you were speaking of farmers, you were thinking of the eastern as well as the western farmers. I trust you are thinking of—

Mr. MOLGAT: I am thinking of all the farmers, but as Leader of the Liberal Party in Manitoba, my first responsibility is to the farmers in this province.

Mr. CLERMONT: I am a federal member, so I must examine the question from a national viewpoint.

Mr. MOLGAT: Agreed.

Mr. CLERMONT: This is what interests me, Mr. Molgat. Today, we hear several briefs from Manitoba. Amongst others, one from the government of Manitoba submitted by the Honourable Mr. Enns, the Minister of Agriculture another by the Manitoba Pool, another by the United Grain Growers, and you have presented another one. And they all seem most concerned about the new Eastern Feed Grain Agency. And I wonder why this is. Because in the final analysis, you are not the only one to say it as it appears in the other briefs, the Eastern Feed Grain Agency is a Crown company and the Wheat Board is another Crown agency. And you seem to feel that Eastern Canada and British Columbia are going to have an agency to represent them in the purchasing, the distribution and the storing of wheat and feed grains. And the fact that it is a purchasing agency is going to enable the eastern provinces to benefit from low prices. McNamara said that he was ready to co-operate 100 per cent with this agency but the agency should not expect to get appreciably lower prices.

Mr. MOLGAT: I believe that Mr. McNamara has submitted what our viewpoint is. May I say that here the Wheat Board is the agency of the farmers, of the western farmers. The Wheat Board is not subsidized in any way whatsoever by the federal government. All the expenditures of the Wheat Board are paid by the farmers themselves. Let us look at the coin from the side. If you have an agency for feed grains, we would recommend that that agency be like the Wheat Board that it be the farmers who take part in it, who pay their share of the expenditures of the agency.

(English)

The CHAIRMAN: It is the responsibility of all farmers.

Mr. CLERMONT: If we want to go into the discussion that Crown companies are subsidized, I could certainly speak to you about the Board of Grain Commissioners. Part of their expenditures are met from the Treasury of the Canadian Government.

Mr. MOLGAT: But when we speak of these two agencies, the sales agency that one is not subsidized.

Mr. CLERMONT: But sincerely, I think, Mr. Molgat, that the importance of the Canadian Feed Grains Agency is this. The eastern farmer, just like the B.C. farmer, was complaining of the fact that during January, February and March there was a sudden rise in the price levels, and more often than otherwise, the farmer wondered why this was. And I feel that the main idea was expressed this morning—the main idea setting out the Eastern Feed Grain Agency—by the member for Provencher—I do not remember his name just now; I think it was Mr. Jorgensen. He expressed the view very well. It was that this agency is mainly to see to the proper distribution and to see that there be reasonable price levels throughout the twelve months of the year.



Mr. MOLGAT: I think that your visit here and the discussions that we are having enable the western people to understand much better. That is why I said at the outset that it is essential that you continue these visits out here. The fear of people there is that your agency, your purchasing agency, is going to cut down the net income of the western producer. If it is clearly understood that your agency is only going to be a distribution agency to meet your needs, clearly there will be no price level favours for you.

Mr. CLERMONT: You know, there is no question of imports, because it is the Canadian Wheat Board which controls the import permits. Now, my other question is the following. You recommend, or your party recommends in your brief, that freight rate assistance on feed grains be dropped, and you mention in your brief that the West can produce low freight wheat. I think our farmers in eastern Canada would have no objection whatsoever, or not many objections, if the freight rate assistance was abolished. But, on the other hand, they would want to have your advantages in purchasing the grains without going through the Canadian Wheat Board.

Mr. MOLGAT: I had not thought of it in that way. There might be some difficulties in not going through the Canadian Wheat Board. I do not know how that could be done. I would have to look into the matter. Our viewpoint in this regard, to freight rate assistance, is this: when you go to certain regions in western Canada, you see enormous farms that can certainly produce low-cost wheat. But we have a good many areas, too, which are not as favoured. We have tiny farms, too. Our marginal land farms, and in these areas, the farmers' only chance of making a living is to raise herds. So we are very anxious to see livestock raising increase in the west. And with this assistance for the shipment of feed grains, obviously we feel that we are prejudiced.

Mr. CLERMONT: You are aware that freight rate assistance for feed grains does not benefit merely the livestock breeders. The dairy producers also benefit. The chicken producers also benefit. The poultry producers. And this assistance is most essential to eastern and B.C. breeders.

The CHAIRMAN: Mr. Berger.

Mr. BERGER: Mr. Chairman, I want to thank Mr. Molgat for his very interesting submission. At the outset, there are a few remarks I want to make, even if Mr. Clermont perhaps covered the same field. The question that interested me particularly—I share Mr. Molgat's opinion that it is an excellent idea to visit the province because we become aware of the problems, and we trust this will not be our last visit here. We might perhaps make an annual visit. When the Chairman goes back to Ottawa to-morrow night, perhaps he would put this idea forward. I want to thank you. To come into the field which is under discussion my friend, Mr. Clermont, and myself, are rather upset by the evident concern felt by western representatives up until now, the concern they have expressed about the setting up of the agency to purchase feed grains. Mr. Clermont put the question very clearly. I do not want to take up a lot of time, but I find it difficult to understand this concern in the Prairies in regard to this purchase of feed grain for eastern Canada. It seems to me that there could not possibly be a conflict between the provincial and federal authorities in the purchasing of grain. Could you give me perhaps a better and more detailed idea

of this objection? Mr. Clermont said that when these feed grains are purchased it is not necessarily for feed for beef herds. It is also for poultry stock and for dairy herds. Is this concern very widespread, then?

(English)

Mr. MOLGAT: Thank you, Mr. Berger. It has been brought to my attention that those who are not next to the table do not benefit from the simultaneous translation, so I will answer this one in English if I may?

Mr. BERGER: Please do so.

Mr. MOLGAT: The question, Mr. Berger, is why are we in the west so concerned about the eastern livestock feed grain agency? Well, I think the real concern, Mr. Berger, is that this agency would reduce the prices we get for the products we sell. Now, if it is clearly understood that it will not benefit from any special prices, if this is merely a distribution agency to benefit eastern feeders if there is no subsidy attached I personally do not see any major objection to it. I gather from my conversations with a number of you, that there are periods of the year when the prices of feed are very much higher than they should be in your opinion, or there are shortages. If this is a question of more equitable distribution, and if the producers require this and there is no subsidy attached and there is not going to be a reduction in our prices, then I personally see no major objection to it. But, our concern is that it will, in fact, end up in a political fight—that is, with a buying agency, a Crown corporation on the one side and a selling agency, a Crown corporation on the other—and the grain producers in the west will suffer as a result.

Mr. BERGER: I thank you for this answer and now I am going back to page 4 of your brief, where it states:

Unfortunately, while purchased inputs have increased the volume of farm products per acre and per man, the price the farmer receives for his produce has not kept pace with the cost of purchased inputs. Both large and small farmers find themselves on the same treadmill—

Do you not think this applies also to eastern farmers? I understand your point of view as far as western farmers are concerned, but do you have the same consideration for eastern farmers as you have for your own people for which I do not blame you, believe me?

Mr. MOLGAT: I would hope we are not taking purely a narrow provincial view in our statements. Certainly, we recognize that the eastern farmer is faced with the same problem. I was stating a question of general principle. I am sure your farmers are suffering in the same way. In many respects I know your farmers are suffering worse from the fact that their acreage is smaller than that of western farmers. I recognize that problem. This is not a parochial question.

Mr. BERGER: Now, when you state on page 4 that:

Initial payments can be easily raised before the end of the 1966-67 crop year.

How can you make such an easy statement? The government will have to pay for that. When I go back—

Mr. WATSON (*Assiniboia*): No.

Mr. BERGER: Oh, you will pay for that Lawrence. That is all right, I am sorry. Mr. Watson will help me out. Let us skip that.

Mr. WATSON (*Assiniboia*): It is the farmer's money.

Mr. BERGER: Well, yes, I am trying to clear my mind on that.

The CHAIRMAN: I think, Mr. Berger, if you remember the figures given to us the other day in Alberta that the high final payment was 49 cents and the low was 38 for a period, I think, of ten years. Probably this is what these figures are based on. This is the wheat producer's own money. It is nobody else's money but theirs.

Mr. BERGER: Going back to that, Mr. Chairman, may I ask why this is being submitted if we have nothing to do with it and the farmers are going to pay for it? It is in this brief. I am concerned to a certain extent with all the facts being presented. If we have nothing to do with it, if it concerns the wheat board or the farmers themselves, why should we have it here? This is why I ask the question.

Mr. OLSON: The government sets the price.

Mr. BERGER: All right, I am thanking you.

The CHAIRMAN: Mr. Berger, I think Mr. Molgat wants to answer your question.

Mr. BERGER: Yes, I will be delighted.

The CHAIRMAN: If you will just let him.

Mr. MOLGAT: The situation is this: The wheat board sells the wheat and gets the money. The farmer delivers the wheat to the elevator and gets an initial payment, not the full payment. He gets an initial payment which is substantially less than the wheat board gets on its sale. At the end of the year the wheat board, having accumulated all the sales for the year and having established the final price, pays the balance back to the farmer. It is the farmer's own money. There is no government subsidy. I might say that this is one of the problems western farmers react to. They are very unhappy about the situation because every time the final payment comes up the newspaper headlines read: \$294 million for the farmers. The impression abroad is that this is a government gift. It is not. It is the farmers' own money. So, what we are asking for, because the price the wheat board has been getting has been quite a lot higher than the initial payment, is that they should now move the initial payment up.

I have here the wheat board's last report—1964-65—the initial payment being \$1.50. I will give you the year they have here complete. The initial payment was \$1.50 in 1963-64 the final payment was 47.4 cents. So what we are saying is, raise the initial payment to \$1.75 and then the final payment will be 23 cents or 22 cents. There is no danger; there is enough margin; the world price is high enough. The farmer will get his money and the businessmen will benefit from it. It does not cost anyone anything except some interest payments, possibly, to the wheat Board. But this is the farmers' own board. Whether the farmer pays interest back home himself on his borrowings or the wheat board does it for him it is his own cost.



Mr. BERGER: Mr. Molgat, how can you tie in the world demand for wheat and the traditional demand for wheat, and how can you ask that the base price be increased? On what projections can one base oneself to be sure that we are going to be able to market our product, and yet, at the same time, justify a basic increase? That is what concerns me.

(English)

Mr. MOLGAT: Our specific request is for an increase in the initial payment. The money is there. The room is there. Now, your second question is: Why are we asking for an increase in the world price? We are because we believe the world conditions are such that we can get such an increase. I am fairly confident that this can be accomplished. I think it is important that we, as Canadians, keep on saying this and that it be known across the world so that our negotiators have that spur behind them and they can talk to the people to whom they are selling this in the full knowledge that back home there is pressure upon them to get a higher price.

(Translation)

Mr. BERGER: To conclude, I would like to congratulate you on your idea of establishing a computer service—

(English)

A computer service to serve all prairie farmers.

I am glad to learn that Manitoba is far ahead of us in that sense.

Now, the last item I checked is this rapeseed marketing. Oh, my friend, the member from Humboldt-Melfort-Tisdale, Mr. Rapp, is gone now. He is an expert on that. Are your remarks based upon scientific research into that?

Mr. MOLGAT: My remarks in so far as rapeseed production is concerned, Mr. Berger—and I emphasize rapeseed production, so as to clarify the problem before us—are not based on any scientific research of my own but as the result of speaking to a number of people in the industry. I think the facts are correct that there is open here a golden opportunity for us, but it does require specific research into both the seed itself and the use of the meal for feed purposes, as well as the final use of the oil product. The problem is that the total market in Canada now is relatively small and it is not in the hands of any large producer who are in a position to take this on as a research project of their own or as a marketing project of their own. Hence, the requirement for some federal activity in that area.

Mr. BERGER: I was trying to get at the idea of producing this and then asking the government and the wheat board to try to sell it. It is all right to have rapeseed, rye and the others but if you can produce wheat and sell it more easily, why should we produce the others and ask the government to sell this specific product? This is what puzzled me to a certain extent, but your answers cleared that up quite a bit.

(English)

The CHAIRMAN: I thought you said that was your last question. The hour is getting late.

Mr. BERGER: It is, it is, and I must thank you Mr. Chairman, for allowing me to ask it.

(Translation)

Mr. BERGER: Thank you, Sir.

The CHAIRMAN: Mr. Côté.

Mr. CÔTÉ: Mr. Chairman, first of all, you will note how wise I have been since the outset of the trip but I do not want this wisdom on my part to be misunderstood and for me to be considered as an inactive member. I want to bring a personal opinion forward, in the form of a question I want to put to Mr. Molgat, the leader of the opposition. It could be for clarification. As representative of our farmers association I have asked all political parties represented in Ottawa for an agency to distribute feed grains. It was not that we intended to pay less to the wheat farmer or feed grains producers in the West, we are in agreement that we should pay a price that will bring a proper income to the Western farmer. We want the Western farmer to live properly. We want to eliminate intermediary agents. Once the St. Lawrence is closed to navigation, there is too much feed grain on hand in the west and yet we cannot get our hands on any. Speculation on feed grains arises. Ours are lands which are used for raising dairy herds. We do not intend to go into livestock breeding. We are interested in dairying. In the West, what you have is specialized wheat and cereals production. This feed grains agency should not harm the Western farmer at all but should provide a decent living to the Western farmer and to the Eastern farmer as well. What I have noted throughout my whole trip is this fear amongst the Western farmers and I trust this concern will disappear once the feed grains agency is set up and I want the Committee to go through all of Eastern Canada just as we visited the West so that there will be a better understanding between Western and Eastern farmers and so that we can help each other to each attain the standard of living we want.

I want to congratulate you because going through the West, I have a great deal of difficulty in speaking English and that is the first time that I understood a representative so well.

Mr. MOLGAT: Thank you, sir. What you have explained to us, if it were understood by all Western farmers, I think it would rapidly settle the objections, the concern, that has been felt about this new agency.

Mr. CÔTÉ: Now, I will not make any more comments. We were told this afternoon that 15 years ago, an offer was made to us that we should set up an agency but let us not forget that 15 years ago, we did not have the same industry in the East. It was not the same in the West either. They were little tiny farms on which we could not make a living but on which we did attempt to make a living. But the bigger farm is now the specialized farm in the east. We have the same needs we did 15 years ago. We have needs we did not have 15 years ago. So when the request was made or when the suggestion was offered 15 years ago, this need did not exist, but probably the West recognized that one day we would feel this need. So I will not make any further comments but if this had been understood 15 years ago, it would have been a wise thing.

(English)

The CHAIRMAN: Thank you, Mr. Côté. I think if we do visit the east we will make sure that Mr. Molgat goes with us. Mr. Schreyer? Is he there? Either he is under the table or he has gone. Mr. Olson?

Mr. OLSON: Very briefly, Mr. Chairman, I would like to ask a question in connection with Mr. Molgat's statement on page 4 that they do not want the feed board to have the opportunity of buying grain at a lower price than is offered to any other purchaser. I do not think this is going to happen, and I agree with you. But does this also include the fact that you do not want any federal subsidies going into moving this grain such as storage, discounts and so on?

Mr. MOLGAT: Our feeling is that this agency should not be on a different basis from the wheat board, and should have no privileges the wheat board does not have.

Mr. OLSON: You puzzle me, though, and this happened once before today. You say you want the highest possible price in the producers of feed grain, so why do you deplore freight assistance which does, in fact, make a higher price available to feed grain producers in western Canada?

Mr. MOLGAT: Because we are also concerned about the other aspects of agriculture in the west in the livestock business. We are asking for no special subsidy for the livestock business, nor do we want any special subsidy for the feed grain business. We are prepared to have them stand on their own feet.

Mr. OLSON: Yes, but would not the availability of feed grain at a price—I am not talking about a lower price—be the greatest incentive you have for the expansion of the livestock industry in Manitoba?

Mr. MOLGAT: But, the feed grain is here. We are not asking for any subsidy on it nor on the transport of our livestock to market in eastern Canada. We are quite prepared to take our chances on that. The problem we are faced with is that if we raise the cattle or pork here and ship it to an eastern market we are competing there against livestock raised in that area on feed purchased here but subsidized to be transported there.

Mr. OLSON: You are aware, then, that if the freight subsidy were removed, let us say, tomorrow there would immediately be a reduction in the price that the Canadian Wheat Board would ultimately be able to give to the western producers. You are willing to accept the responsibility for that reduction in price?

Mr. MOLGAT: I am not so sure this would, in fact, happen. But if that were the inevitable conclusion I would be prepared to accept that rather than the continuation of a subsidy.

Mr. OLSON: By the way, Mr. Molgat, have you presented these views to your fraternity brothers in Ottawa?

Mr. MOLGAT: As a matter of fact, Mr. Olson, we had a very interesting meeting in Saskatoon last summer where we discussed a number of these views and then proceeded to Ottawa in October where we had a most friendly meeting and had a good number of them accepted.



Mr. OLSON: Did you have concurrence by the caucus in Ottawa?

Mr. MOLGAT: We do not deal directly with the caucus in these matters. We deal with the general party structure and it was accepted by and large by the party.

Mr. OLSON: Then I suppose we can conclude you are asking members of others parties to assist you in reconciling your family problems?

Mr. MOLGAT: I am not aware of any great family problems in our party, Mr. Olson. I am aware that there are some difficulties in others.

The CHAIRMAN: I wonder if Mr. Molgat is aware that he is agreeing with Mr. Enns here today, too.

Mr. OLSON: That was my next question, but I will pass now.

The CHAIRMAN: I would ask Mr. Schreyer, who is back now, to question. I called you and we looked under the table, but you were not there.

Mr. SCHREYER: Mr. Chairman, I hope one can take two minutes to go to the washroom around here, or do you object? Are you calling on me, Mr. Chairman?

The CHAIRMAN: Yes, you intimated you wanted to ask a question.

Mr. SCHREYER: Mr. Molgat, I refer you to page 3 of your brief where the heading "Major Policies" appears. I note that you put forward as major policy No. 1 the increase in initial payments. Of course, most members of the Committee would agree that it is a logical proposition to advance that the initial payment be, in fact, increased by an amount somewhere within the range of the figures you put forward.

The CHAIRMAN: May I interject, Mr. Schreyer? All this has been thoroughly aired in an answer by one of the other witnesses when you were out of the room.

Mr. SCHREYER: Well, Mr. Chairman, I was just coming to the question. While this may be a desirable proposition, just what will this mean in terms of dollars and cents to the average Manitoba farm operation? By that, I mean an operation in the order of 500 or 600 acres. What will this translate into in dollars and cents?

Mr. MOLGAT: I do not think I can answer that question completely myself, Mr. Schreyer, but I would be very happy to have one of my colleagues here who is directly in the business—

Mr. SCHREYER: Mr. Molgat, while your colleague is working that out in an approximate way, which is all I am asking, I will go on to page 4 where you put forward as your major policy recommendation No. 2 a reference to the Canadian Livestock Feed Board. I would ask you this: Would you still oppose the Canadian Livestock Feed Board if it were self-sustaining or self-financing in the same sense that the Canadian Wheat Board is self-financing? If this were so would you still feel somewhat opposed to its operation because you fear the transactions between the two boards may not be arm's length transactions?

Mr. MOLGAT: Yes, we are somewhat fearful that this could end in the wheat board, and thereby the producer in the west, not getting the full price for his product. That is really the concern. If we had assurance that would not be so,

while I would still have some hesitation about having two government boards competing with each other, I recognize the problems of eastern agriculture and think, perhaps, western agriculture would be prepared to accept that with the clear proviso that there be no special prices and no reduction.

Mr. SCHREYER: Mr. Molgat, I asked that question because I wanted to give you an opportunity to demonstrate to your colleagues that you are a fair reasonable fellow on occasion.

Mr. MOLGAT: Thank you, Mr. Schreyer. You can tell that Mr. Schreyer and I sat together here in the house for some time.

Mr. SCHREYER: I have not finished, Mr. Molgat.

Mr. FORBES: He is not satisfied yet that you are reasonable, though.

Mr. SCHREYER: Mr. Molgat, in your brief you do not make any direct reference to matters generally related to grain marketing and the wheat board. So, I would ask you, how do you regard the proposition being put forward by some farm organizations and at least one of the western pools, that the marketing of rye, flax and rapeseed be brought under the aegis of the wheat board?

Mr. MOLGAT: I have not really had any major discussions on this, Mr. Schreyer. I think the flax item is not one of major concern at the moment because I think, in fact, the flax market is going down. It is not a major item. Rapeseed is not at this time either, and the total production of rye is not of the much importance. I do not think it is of critical importance to western Canada quite frankly.

Mr. SCHREYER: Well, at this point, Mr. Molgat, perhaps your colleague could provide some information.

Mr. MOLGAT: I suggest by the way, Mr. Schreyer, that you probably have the information yourself.

Mr. SCHREYER: I just wanted to compare it with your estimate.

Mr. MOLGAT: Mr. Rod Clement, M. L. A., Birtle-Russell will answer this for me.

Mr. Rod CLEMENT (M. L. A., Birtle-Russell): Mr. Chairman, I would speak briefly—and I am rather surprised—that to the best of my knowledge the hon. member represents a group of farmers or a farm district and he knows, or should know if he does not, that the majority of the wheat—using No. 3 wheat—produced in Manitoba this year is No. 3 wheat. At least, in our area it is. The initial price on No. 3 wheat is \$1.26½ at the elevator and this is what the farmer gets. Now, if the price were to be raised 25 cents, in simple arithmetic he would then get \$1.51½ cents to start with and if he produces 4,000 bushels of wheat—perhaps this might not be the average in certain areas—initially he has another \$1,000 in his pocket. It is as simple as that.

Mr. SCHREYER: The reason I asked that question, Mr. Molgat and Mr. Clement, is not because I did not know the initial price to the producer when delivered at the country elevator and how much it would work out to upon receipt of final payment. But, I think if you advance the proposition that an increase in initial payments can be regarded as a matter of major policy with

respect to doing something about the cost price squeeze, then really we have to be more precise in determining just what this will mean in additional dollars and cents to the producer.

When the farmer deliver the grain to the elevator, he would have to wait for a period of time before he receives full and final payment. He can, nevertheless, borrow and pay an interest rate. Or he can get a cash advance. Then, when he receives his final payment, really he is not money ahead by receiving a higher initial payment, but only in so far as he is able to get by with less borrowing. So, when you advocate that the initial price be increased, which most members will agree should be done, you cannot calculate it in such a way as to say that all of the increase in the initial price is an increment to his income. The only actual increment to his income is the amount he saves by way of lesser borrowings and lesser interest. There is no argument about this?

Mr. MOLGAT: Oh no, no.

Mr. SCHREYER: All right.

Mr. MOLGAT: Did you want to say something, Mr. Rasmussen?

Mr. Ralph RASMUSSEN (*M. L. A., Manitoba*): I wanted to say to Mr. Schreyer that I am a practicing farmer. In western agriculture today I think you will find from the people who keep books that their expenses are running 60 to 70 per cent of their gross. Now, at this time the Canadian Wheat Board is withholding approximately 20 per cent on wheat, oats and barley. There is no business anywhere that would like a government agency to withhold when its expenses are running 60 to 70 per cent of its gross. You have a gross margin of from 30 to 40 per cent and half of this is withheld from you until the next year.

I have my own figures here. This is what I received this year. On last year's crop I received \$1.33 initial payment for wheat and I got a 51 cent final payment. On oats I received 46 cent initial, and a 23 cent final. In this case 33 per cent of my income was held for one year. I do not think we are being unreasonable when we ask that this be halved, at least.

Mr. SCHREYER: For the benefit of Mr. Watson, could you tell us what grade your wheat was?

Mr. RASMUSSEN: In 1965 it was No. 2 Northern.

Mr. SCHREYER: Mr. Molgat, I do not want for one moment to leave the impression that I think your proposition does not deserve full consideration, actually. I take the position—and I am asking you if you think it is prudent or valid—that the initial payment can be increased to the point where it approaches the minimum of the price received in the world market in the course of the last five or ten year period? In other words, what is imprudent about asking the board to advance an initial payment that is slightly lower than the lowest price which they received in the world market in the last five, six or seven years?

Mr. MOLGAT: We appreciate that the wheat board has to have a cushion here. We think what we are asking is quite reasonable in view of the world wheat price and the final payments that have been paid. Looking at the wheat board figures, in 1963-64 final payment was 47.4 cents; in 1962-63 it was 37.4



cents; in 1961-62 it was 41 cents; in 1960-61 there was a ten cent interim and 29½ cent final, so that was 39½ cents. When you go back over the years think our request of 25 cents is quite reasonable. Looking ahead to the future the wheat board is making regarding its sales, I think the request is quite reasonable. Frankly, what we are recommending is that it be, in fact, an increase in the initial payment and not an interim payment sometime during the course of the period.

We recognize, Mr. Schreyer, that this is not going to change the cost pressure in agriculture, and I would not want you to have the idea that these are the only things we think need to be done in agriculture. I said at the outset that I was covering only some of the things we think ought to be done—the ones that need to be done right now and can be done right now.

The CHAIRMAN: I would remind the members that we have had a lengthy discussion with Mr. Molgat and that we asked the Board of Grain Commissioners to stay here. I do not think we are being very fair to them by keeping them here to this late hour. I do not know how long the questioning will take. There were several members who intimated they wanted to question the Board of Grain Commissioners. Do you want to continue questioning Mr. Molgat at this time or not? I do not think we should.

Mr. SCHREYER: Mr. Chairman, I am finished with my questioning.

The CHAIRMAN: I have two members left on my list, Mr. Crossman and Mr. Ricard.

Mr. CROSSMAN: I will be very brief.

Mr. RICARD: I will be very brief, too.

The CHAIRMAN: I have heard these brief questions before; they had better be brief.

Mr. CROSSMAN: Mr. Chairman, I wish to second the opening remarks of Mr. Berger to Mr. Molgat. Referring to paragraph 3 on page 2, you say there are difficulties arising out of labour shortage and high prices of land. I would like you to give me a recipe so I could create the same situation in my own county in New Brunswick.

Mr. MOLGAT: I am sorry, Mr. Crossman. I do not know the recipe but I can tell you there is a considerable pressure for land, certainly in the province of Manitoba at this time and the prices are high.

Mr. CROSSMAN: Which would be much desired in my part of the country.

Mr. RICARD: Mr. Molgat, on page 1 of your brief you admit a certain number of farmers earn very interesting amounts of money, whereas another great number of growers get less than the minimum wage. What do you consider minimum wage and how many farmers would be earning less than the minimum wage?

Mr. MOLGAT: I cannot really tell you at this time, Mr. Ricard, how many are earning less. The minimum wage in the province of Manitoba right now is \$1 an hour. There are many farmers that do not earn \$1 an hour in the province of Manitoba. We have still large areas in this province of marginal land with very small growers upon it. I know that for people outside the province of Manitoba

his is not always evident. You may think of us in terms of big wheat growers. It is true we have some of those. But we also have a large number of people on quarter sections and they simply are not earning a living.

Mr. RICARD: You have no idea how many there are?

Mr. MOLGAT: No, but I could get a figure for you, I am sure, Mr. Ricard. We are having an ARDA study at present in one of the portions of the province—the Interlake—and those statistics would be available.

The CHAIRMAN: On behalf of the Committee I want to thank Mr. Molgat and his colleagues for their presentation here tonight. I suggest that this brief be printed as presented as an appendix to our proceedings?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: Mr. Molgat is going to make an announcement afterwards. Will the members who are leaving the Committee sit down? Mr. Molgat is not going away. If the Board of Grain Commissioners would care to come up here to answer a few short questions, they can do so now. I would not really blame you if you did not come up here.

First on my list of members who wish to ask questions is Mr. Danforth. I cannot see whether he is still here or not.

Mr. DANFORTH: I am here. Mr. Chairman, I have just one line of questioning I would like to put forward at this time to Mr. Hamilton. Since the inspection of grain comes directly under the Board of Grain Commissioners, we hear from time to time that there is a proposed revision of the grades of eastern-grown grains in Canada. Can you tell me whether this comes under the direct jurisdiction of the board and whether anything is being done in this regard?

Mr. SHUTTLEWORTH: If I could just follow up while Mr. Conacher is coming, his certainly is under the jurisdiction of the board. It was pointed out this morning that an advisory committee was appointed and a hearing was held in eastern Canada, in Toronto, where briefs were presented from all facets of the industry interested in this. Subcommittees have been set up. Mr. Conacher is chairman of the advisory committee and he can give you a very brief report on the situation as it is today in eastern Canada.

Mr. CONACHER: Mr. Chairman, is the question: does the board have jurisdiction over eastern grain?

Mr. DANFORTH: I am sorry I put my question before you were in your seat. I asked the question: Since it has been proposed from time to time that consideration be given to a revision of the grades of eastern grown grains, does this come under the jurisdiction of this board and have any steps been taken to accomplish this as a fact?

Mr. CONACHER: Mr. Danforth, following on Mr. Shuttleworth's statement, as recently as last Monday we held the first meeting of the so-called subcommittee on Canada eastern grains. This is a subcommittee to the advisory committee to the Board of Grain Commissioners. The terms of reference of that subcommittee are as follows:

This subcommittee is directed to make an examination of the grades that apply under authority of the Canada Grain Act to grains produced

in eastern Canada including cereals, oil seeds and pulses. The object of this project is to obtain recommendations for improvements by such means as (a) elimination of unnecessary grades and modifications of grades in order to facilitate and expedite the physical handling of grain and (b) revisions of any grades where it can be shown that those would contribute to the marketing of Canadian grains.

In order for you to obtain proper perspective on this I should give you all the terms of reference of the advisory committee to which that subcommittee and seven others answer.

The advisory committee on grain handling and grading is authorized to study any propositions for the improvement of the Canadian system of handling and grading grain, in so far as these come within the scope of the board's jurisdiction. The board does not intend to institute changes except when these would be for the general good of the Canadian grain industry. The committee is authorized to obtain, on behalf of the board, information and opinions from any source within or associated with the grain industry and may convene subcommittees for specialized studies. The committee is expected to report findings with recommendations for action to the board.

Mr. DANFORTH: I have two short questions, Mr. Chairman, which I feel will require very short answers. I will ask them both and then I will pass. Mr. Chairman, I would like to know how many members are on this subcommittee and whether they are well distributed throughout eastern Canada? The second question is, have they set a target date by which they feel these new proposals will be brought forward or, perhaps, brought into application.

Mr. CONACHER: I was nominated pro tempore chairman of the eastern committee, as we call it. That is the subcommittee on Canada eastern grains. At the first meeting last Monday, the nominees of various organizations who formed the subcommittee elected me to continue as chairman. The members of the committee are: the Ontario Wheat Producers Marketing Board and the Ontario Soybean Marketing Board, which are producer organizations; there are representatives from the National Millers Association and the Eastern Elevators Association—I should explain that the Eastern Elevators Association comprises the operators of elevators in eastern Canada—the terminal type elevators—which are licensed to operate under the Board of Grain Commissioners; we have a representative of the Ontario Grain and Feed Dealers Association; a representative of the Ontario Bean Marketing Board; a representative of the corn industry in the person of the secretary of the Ontario Seed Corn Growers Marketing Board because there is no commercial organization; a representative of the Co-op Fédérée de Québec; a representative of the Montreal Corn Exchange and of the Toronto Board of Trade. We think this is a pretty good cross-section of the industry.

Mr. DANFORTH: Thank you, Mr. Chairman. I pass.

Mr. RICARD: This afternoon we were told with regard to the elevator at Moose Jaw that if we take a broad picture since the elevator was constructed there was a differential of \$4 million plus. Could a breakdown of the expenses and revenue of that elevator be given for the last 10 years?



Mr. HAMILTON: We will ask Mr. Wilson, the general manager, to give you that information. I might add, Mr. Chairman, that this information was filed when we were called before the Committee in Ottawa last spring.

Mr. WILSON: Mr. Chairman, I presume you wish the figures from the year 1956 to 1966? Will this suffice?

Mr. RICARD: Yes.

Mr. WILSON: Do you want just the expenditures?

Mr. RICARD: Both expenditures and revenues.

Mr. WILSON: In 1956 the revenue was—in round thousands of dollars—\$435,000, expenditures \$143,000, a surplus of \$291,000; 1957, revenues \$477,000, expenditures, \$181,000, a surplus of \$296,000; 1958, revenues, \$445,000 expenditures \$249,000, a surplus of \$196,000; 1959, revenues, \$515,000, expenditures, \$223,000, a surplus of \$281,000; 1960, revenues, \$447,000, expenditures, \$235,000, a surplus of \$212,000; revenues \$444,000, expenditures \$297,000, a surplus of \$147,000; 1962, \$440,000, revenues, expenditures \$213,000, a surplus of \$227,000; 1963, revenues \$289,000, expenditures \$244,000, a surplus of \$44,000; 1964, revenues \$237,000, expenditures \$231,000, a surplus of \$5,900; 1965, revenues \$10,000, expenditures, \$194,000, a deficit of \$184,000; 1966, revenues \$12,000, expenditures \$206,000 a deficit of \$194,000.

The CHAIRMAN: Are there any other questions?

Mr. CLERMONT: Mr. Hamilton, in the expenditures given for 1964-65-66 at Moose Jaw did you include depreciation and so on? Also, what part was for wages?

Mr. WILSON: With reference to the year 1964?

Mr. CLERMONT: For the last three years for depreciation and wages.

Mr. WILSON: I should point out that under the federal government policy we do not depreciate our capital costs. We carry our capital costs. As you know, the elevator was constructed in 1914 and would have been—

Mr. CLERMONT: That means it is all capitalized in one way or another?

Mr. WILSON: Yes. I have not got the breakdown of figures to show which portion of this is wages and which portion is expenditures. In round figures, the wages amount to some \$120,000 annually for that terminal. The other expenditures vary depending on the size of the maintenance project that is being carried out. It so happens that in 1964 we had a sizeable project there involving sandblasting, sealing and repainting the elevator. These projects vary from year to year. You have to do a major operation every ten years and the replacement of concrete. In that particular year, probably it was above our normal operating costs of somewhere in the neighbourhood of \$80,000.

Mr. CLERMONT: Yes, but in 1965 and 1966 you had only \$10,000 revenue and \$12,000 revenue. What wages does the \$120,000 cover? Are they for maintenance and repairs?

Mr. WILSON: It is government policy that we retain our staff. We have retained the staff despite the fact we have not been operating.

Mr. CLERMONT: That is enough.

The CHAIRMAN: It is a good place to work, then. Are there any other questions? Did you want to make a statement, Mr. Hamilton?

Mr. HAMILTON: I would just like to introduce Dr. G. N. Irvine, director of our research laboratory. Dr. Irvine is at the end of the table there. He is probably our number one world traveller. He is in almost continuous contact with cereal grain research establishments and millers around the world and he is probably as well qualified as anyone in Canada to take an educated look at the probable future trends in production and use of the cereal grains that we grow in Canada. If this brings on a question I am sure he would be pleased to answer it.

Mr. DANFORTH: I have one question. We heard testimony that would seem to indicate Canada and the western provinces have reached almost the ultimate in the production of what was termed high-quality grain. I would like the doctor's opinion, since this seems to be in his field, of whether we have reached the ultimate or whether there is a possibility of expansion in the western provinces and the eastern provinces as well, in the production of Canadian grains including feed grains.

Dr. G. N. IRVINE (*Chief Chemist, Research Lab, Board of Grain Commissioners*): Mr. Chairman, I have just returned from a meeting in Minneapolis where I gave a talk on the outlook for wheats, particularly in western Canada. In the course of my remarks I made the estimate that we would reach a billion bushel wheat crop in western Canada sooner than many people expected. Certainly this is my view and I think this will happen with the kind of grain we are growing at the present time, that is, maintaining the quality level we have at present without the introduction of any new particularly high yielding varieties. As far as feed grains are concerned, this will require a further research effort. A number of feed grains are being proposed now, including the triticales, which are a new species of grain altogether.

Mr. DANFORTH: Are they high protein?

Mr. IRVINE: Not per se. There have been accounts suggesting that these are high protein, but because of the particular nature of the cereal and the stage of development it is in at the moment, the kernels are very shrunken and as you know from experience with shrunken wheat, you also have high protein. So, there is nothing to indicate these are high in protein per se, once they produce a normal looking kernel which would be required before it would be released commercially. There is no real indication, if these prove successful for feed grains, that they will be abnormally high in protein.

Mr. DANFORTH: Mr. Chairman, if I understood the doctor correctly, I think he stated he did give a paper on this very subject. I wonder, whether the doctor and his associates would agree to this paper being made an appendix to our Committee proceedings? I think it would be of great interest to all Committee members. Since we have not time tonight to ask questions and get as much detail as we would like, I think this would facilitate matters and be quite acceptable to the committee.

The CHAIRMAN: Mr. Hamilton has just whispered to me: If we gave it to the Americans we can certainly give it to you. Do members of the Committee agree?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: Mr. Watson had a question.

Mr. WATSON (*Assiniboia*): I had the same question as Mr. Danforth.

Mr. PETERS: I have a general question. I was interested in the discussions that have taken place over the last few days about transportation facilities and the movement of grain. I do not know whether this comes within your field, as you are a world traveller you might suggest to the Committee some avenue of exploration with respect to new types of transportation operations for cereal grains.

Mr. IRVINE: Mr. Chairman, in terms of new ideas for transporting large quantities of grain the Australians are, at the moment, very decisively revising their system. The Americans have made quite great strides in the handling of grain, both in the production of new types of cars and alterations to their terminal facilities to handle such cars and in the logistics, actually, of moving these cars in what they call unit trains. This is having a very decided effect on freight rates in the United States and in making American grains more competitive with other world grains, particularly from various ports they wish to export from.

Mr. PETERS: Would it be possible for us—I do not contemplate the Committee going to Australia although that will be advantageous; we could rest on the way, I suppose, and on the way back,—to get papers that have been written on this field? It seems to me in discussing it that we are not faced with any alternative to what we are doing. This type of information does not appear to be available to the Committee. It does not seem that Canadians really have done any research in this field, and yet there must be some being done in the world. For this reason I was wondering whether you would know, through your knowledge of the people involved in other countries, whether this type of paper could be provided to the Committee, outlining some of the things that have been tried and some of the experiments and research that are going on in other fields which are allied to the problem of upgrading the whole machinery of grain movement we are facing in Canada.

Mr. IRVINE: Mr. Chairman, I am not aware of any specific papers that deal with this. But, I think it would be fair to suggest that the Canadian railways probably are quite familiar with moves that are being made, particularly in the United States where the experience would be most pertinent to our own.

Mr. HAMILTON: I might add that Mr. Conacher returned from Australia not too long ago. He did a study of their system and we would be very pleased to send his report to you. Their conditions are comparable to ours.

The CHAIRMAN: Are there any other questions?

Mr. CLERMONT: Why do you not make that report available to the Committee as an appendix?



The CHAIRMAN: I took it for granted this is what we would do. I probably should have said that when it does arrive we will have it printed as an appendix. Is it agreed?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: Are there any other questions? Mr. Conacher wants to make just one remark about this report.

Mr. CONACHER: Mr. Chairman, I would just like to give a word of explanation about this report of mine. It is marked confidential for a reason. This report is the result of rather a swift look at grain handling operations in Australia. There simply was not time to make sure that all of the figures given were exact. It could be embarrassing to be out, say, 10 or 20 per cent in an estimate. I thought I would explain this is the reason it is marked confidential, and that it is not in the ordinary sense of the word.

The CHAIRMAN: Generally farmers are not embarrassed by a 10 or 20 per cent error in their estimates—only in front of one person, the bank manager. If there are no further questions or comments, we are going to make an amazing record here tonight; we are going to be finished just about half a minute to eleven o'clock. I want to apologize to all the people from the Board of Grain Commissioners for keeping them here so long. I did not think we would be here so late when I suggested that you come back this evening.

We certainly appreciate everything the Board of Grain Commissioners have done on the Committee's behalf while we are here in Winnipeg. The service and information you have rendered to us has been greatly appreciated. We thank you very much.

The meeting is adjourned to the call of the Chair.

## APPENDIX I

Submission of

THE NORTH-WEST LINE ELEVATORS ASSOCIATION

to the

STANDING COMMITTEE ON

AGRICULTURE, FORESTRY &amp; RURAL DEVELOPMENT

of the

HOUSE OF COMMONS

at the

SITTINGS OF THE COMMITTEE IN WESTERN CANADA

February 10th, 1967

Mr. Chairman and Members of the Committee:

Over the years the representatives of the independent investor-owned country and terminal elevator companies have welcomed the opportunity when called upon, of appearing before this Committee at Ottawa to discuss matters relating to the handling and movement of the Western grain crops. This, we believe, is the first time that the Committee has held hearings outside the National Capital. We wish to welcome the Committee to Western Canada and we particularly appreciate the invitation to appear before you in the territories in which we conduct our business.

Appearing with me today are men long associated with the grain handling industry of Western Canada.

Mr. George H. Sellers is President of Federal Grain Limited and its subsidiary and allied companies—Alberta Pacific Grain Ltd., Searle Grain Company Limited and Pacific Elevators Limited. This Company has wide-spread ramifications in providing services to the Western producer.

Mr. J. D. MacDonald is the Vice-President and General Manager of Pioneer Grain Company Limited, which Company is owned by James Richardson & Sons Limited. The parent Company has been engaged in the grain business of Canada for more than 100 years.

Mr. Purves is President of Inter-Ocean Grain Company, Limited, which Company is carrying out innovations in the industry through erecting modern feed mills and farm service centres in conjunction with its country elevator operations.

My capacity here today is that of Chairman of the Executive Committee of the North-West Line Elevators Association. I have long been associated with the Searle Grain Co. Ltd. which has recently merged with Federal Grain Ltd. of which I am Chairman.

Unfortunately two members of the Executive Committee of our Association are not able to be with us today. They are Mr. George Heffelfinger, President and General Manager of National Grain Company Limited. This Company is engaged extensively in ancillary lines including operation of feed mills, farm service centres and the handling of chemicals and fertilizers. The other member is Mr. Charles Kroft, President and General Manager of McCabe Grain Company Limited. His Company is also engaged extensively in feed mill operations and the export business where it handles various commodities as well as grain.

The North-West Line Elevators Association includes in its membership the following companies. The number of country elevators owned and operated by each company is shown. These companies own 14 terminal grain elevators at the Lakehead and at Vancouver with storage capacity of 50,361,000 bushels. The insured value of their properties is \$230,000,000.

	Elevators	
Ellison Milling & Elevator Company Limited .		18
Federal Grain Limited .....	409	
Alberta Pacific Grain Ltd. ....	306	
Searle Grain Co. Ltd. ....	449	1,164
<hr/>		
Inter-Ocean Grain Company Ltd. ....		30
McCabe Grain Company Ltd. ....		91
National Grain Company Ltd. ....	307	
Mighty Peace Grain Company .....	1	308
<hr/>		
Parrish & Heimbecker Ltd. ....		67
N. M. Paterson & Sons Ltd. ....		101
Pioneer Grain Company Limited .....		443
Robin Hood Flour Mills Limited .....		3
Scottish Co-operative Wholesale Society		
Limited .....		9
<hr/>		
Total .....		2,234

Member Companies of the North-West Line Elevators Association are in strong competition one against the other, in the country for the handling of the farmers' grain. They also individually compete with the Pool Elevator Companies and United Grain Growers, Limited.

Our Association was formed in 1899 at which time there were a very large number of smaller companies engaged in the grain handling business. The reasons for forming an Association are set forth in hand-written minutes of the first meeting of the North-West Grain Dealers' Association—the original name of our Association—at its first meeting held on July 26th, 1899 as being "for the purpose of formulating rules to govern transactions between its members in the handling and shipping of grain, with the object of reducing the expenses of handling the crop of the country to a minimum". The present name of the Association was adopted in 1940 as being more descriptive.



At times it has been suggested that there have been no significant changes in elevator construction. Let us look to the background. The development of grain growing in the West was arduous and it was not until 1876 that the first export shipment of wheat was made from Western Canada. With the granting of homestead rights and the coming of the railroad there arose the need for cheaper and more efficient methods of moving grain to market. In the early days, grain was hauled to market in sacks and was loaded from wagons directly into railway box cars. To meet the needs of the farmer for a place where he could readily store and sell his grain and to relieve him of the back-breaking toil of loading grain by hand from carts and wagons into railway cars, first the flat grain warehouse and then the upright country elevator came into being. In the flat warehouse, grain was moved by gravity or by hand and wheelbarrow. A great step forward was made with the invention of the upright country elevator in which grain was dumped from the wagon into a pit and elevated by buckets attached to an endless belt from the pit into the elevator bins. The power necessary to elevate the grain was first produced by horses, then by steam and later by gasoline and electric powered motors. Board of Grain Commissioners' records show that by 1900 there were 421 country elevators and 97 flat warehouses in Western Canada. The last licensed flat warehouse disappeared from the prairie scene in 1916.

To meet the need for facilities to move grain from the Prairies to Eastern Canada and overseas market, large warehouses were required at the Lakehead to accumulate and store grain for movement by the cheaper water route across the Great Lakes. The Canadian Pacific Railway built the first terminal elevator at Fort William in 1884. This was a wooden structure with a capacity of 1,000,000 bushels. The Railway operated terminal elevators until 1904 when private capital commenced building and operating terminal elevators at the Lakehead. The Railway then withdrew from terminal grain handling.

In the period up until 1928 there was great activity in the building of new elevators. The cost of building a country elevator in the early days of the century was around \$4,000 and the cost of a flat warehouse was \$2,000. The first elevators built had a capacity of 20,000 to 25,000 bushels. By 1920 the standard type of elevator being built was of 35,000-bushel capacity and cost \$10,000 to build. The cost of erecting a 35,000-bushel elevator by 1939 had increased to \$15,600 and today the cost would be \$58,000. However, with changed farming methods, the need arose for larger elevators and the country elevators being built today range in size from 65,000 bushels, costing \$93,000 to 140,000 bushels, costing \$180,000. This brief history and the figures of size, and cost, should deny any allegation that our country elevator industry has not kept pace with the times.

The cost of building terminal elevators has skyrocketed to a point where it is uneconomic to build new plants at today's costs and at the current tariff of authorized handling and storage charges. A modern and adequate terminal elevator could be built in the 1920's for under \$2,000,000. The only terminal to be built in recent years and the second in Western Canada since the 1920's is now being erected at a cost of some \$22,000,000.

Following World War II, new conditions confronted the Elevator Companies. Scientists had developed new chemical weed and insect killers; agricultural scientists had developed new rust resistant strains of grains; new cultural

methods were developed; higher grain prices enabled farmers to use fertilizers more freely; improved labor saving machinery was developed by the machinery companies and better roads were built which brought about the use of large grain trucks.

These developments necessitated changes in country elevator operations and services. The elevator companies met this challenge the best way they could and to the extent of their financial resources; first by renovating existing plant by installing new and larger receiving dumps; greater capacity weighing scales to receive the large trucks; more powerful engines and electric motors and other improvements. They also developed special departments for the sale of farm chemicals and fertilizers. As the farmers turned more and more to the production of livestock to meet the increased world demand for meat products, the Companies entered the business of processing livestock and poultry feeds and the construction of feed mills at strategic points. Favorable rainfall coupled with application of agricultural science, resulted in greater crop yields. To the extent of their financial resources the Companies engaged in replacing old and obsolete country elevator plant with modern elevators having greater capacity, but this has not been sufficient to meet the conditions of the future.

I believe that you will agree with me, however, that the grain handling industry has been far from static. Naturally all these changes and developments cost money.

The independent investor-owned section of the grain handling industry is today faced with the needs for not only modernizing and renovating its elevators but also rebuilding an appropriate portion of the system which will be lost through rail line abandonment. At the present time branch lines on which our member companies operate 122 elevators having a capacity of almost seven million bushels are subject to abandonment applications. We do not anticipate all of these lines will be lost, and all elevators lost will not be replaced on operating lines, but the loss of even 100 elevators and the need to replace the lost capacity will place a tremendous burden on our member companies. The increased cost of materials and labor will accentuate this burden.

Our Association has appeared at tariff hearings on behalf of its Member Companies, since the upward spiral of costs set in, to seek revision of tariffs to meet these higher costs. We have met with only limited success in persuading the appropriate Governmental Boards to grant us tariffs of handling and storage charges in keeping with our financial needs.

With the large crops of the last few years and the anticipated increase in grain production across the Prairies, this country requires its grain gathering system to be maintained at peak efficiency. The return allowed elevator companies must be sufficient to allow the maintenance of a first class system.

We understand that the Committee has been taken on tours to inspect model country and terminal elevators and some ancillary operations. We hope you also inspected some of the elevators in the less-populated areas where some 80 per cent of the country elevators are forty or more years old. The same situation applies to some of the terminal elevators in the Western Inspection Division. Many millions of dollars have already been spent in renovation and repair of country and terminal elevators. To the extent of our financial resources, we have replaced obsolete plant with modern elevators. Our Member Companies are

currently investing more than current depreciation and earnings from elevator operations in renovations and building of new plant to try to maintain the system at its peak efficiency. The Committee is undoubtedly aware of the tax position of the investor-owned companies in relation to the balance of the trade. Our Association appeared before the Carter Royal Commission on taxation and we eagerly await the findings of that Commission. We will not pursue this matter further at this time.

If the producers of Western Canada are to be provided with modern grain handling facilities, recognition must be given the fact that authorized tariffs must keep pace with increasing costs. We give the following examples of how our operating costs increased between 1939 and June, 1966. Additional substantial increases have occurred in the current crop year, particularly in salaries and wages:

#### *Country Elevators*

- Wages have increased by 315 per cent;
- Construction Costs have increased by 375 per cent;
- Maintenance and Repair Costs have increased by 337 per cent;
- Municipal Taxes on country elevators have increased by 550 per cent;

#### *Terminal Elevators*

- Wages up 600 per cent;
- Municipal Taxes up 400 per cent;
- Power Costs up 360 per cent;
- Repair Costs up 820 per cent;
- Workmen's Compensation up 940 per cent.

The Board of Grain Commissioners, following the 1966 Tariff Hearing, granted a modest increase of one cent per bushel in the maximum country and terminal elevation charges. However, to make this increase effective in connection with country handling charges on wheat, oats and barley, it is necessary for us to negotiate an effective rate under our Handling Agreement with the Canadian Wheat Board. Our efforts in these negotiations were unsuccessful although three of the four producer-owned companies and our Member Companies, all of whom operate 90% of the elevators, urged upon the Board their need for higher charges to meet increased costs.

We filed with the Wheat Board statements revealing that in three financial years ended in 1964, 1965 and 1966, our Member Companies derived funds from country and terminal elevator operations totalling \$11,682,000 and in this period we made capital expenditures on country and terminal elevators totalling \$12,-110,000. You will therefore observe that all of our income from elevator operations and more, was reinvested in improving elevator facilities. Those who state publicly that we must up-date our facilities and in the same breath oppose any increase in tariffs lack appreciation of the fundamentals of practical business.



Our per bushel income from country and terminal elevator operation before income tax was:

COUNTRY ELEVATORS	Fiscal Years		
	1963-64	1964-65	1965-66
Per bushel .....	1.27c.	.37c.	.05c. (Loss)
TERMINAL ELEVATORS			
	1963-64	1964-65	1965-66
Per bushel .....	1.32c.	1.82c.	1.76c.

The steadily deteriorating financial situation in the country elevator division is obvious. The slightly improved position at the terminals in the latter two years is due to the terminal driers working at full capacity in those years resulting from the wet harvest weather in 1964 and 1965. This does not happen every year. Furthermore, wages and other costs have increased substantially in the current crop year. All that we have to offset these increased costs, the loss of drying revenue and reduced storage earnings in the country is an increase in the terminal elevation charge which became effective January 1, 1967 and will amount to only  $\frac{1}{2}$  cent per bushel in the current financial year.

We draw your attention to the fact that the storage rates of one-thirtieth of a cent per bushel per day in country and terminal elevators today is the same as the rate which prevailed prior to World War I. The handling charge which is also called the buying margin which we negotiate annually with the Canadian Wheat Board for the receiving and forwarding of Board grains to terminal destinations and mills, is at the same rate we received prior to World War II. This rate is  $4\frac{1}{2}$  cents per bushel for wheat and barley and  $3\frac{1}{2}$  cents per bushel for oats. Reference to the Wheat Board Handling Agreement will give you some indication of the work we perform and the risks we assume in earning this modest fee.

Over the years the increase in production volume has been a partial offset and a consolidation of companies and reduction of country elevators has helped to alleviate the particular cost squeeze in our industry—but this cannot continue indefinitely without seriously affecting the future.

It should be noted that not a single new Company has entered the country or terminal elevator business in Western Canada in the past 40 years. The answer is obvious—no Company could build elevators and survive at present day costs and under existing tariffs. Country and terminal elevators being built at current construction costs do not meet their operating, maintenance and depreciation costs let alone provide a return on invested capital. Unless the existing situation is soon recognized and remedied, the producer will suffer from inadequate and inefficient facilities in the movement of his produce to market.

We have confidence in the continued ability of the Canadian producer to grow crops for world markets in increasing volume—and we are most conscious of the absolute importance and necessity in the overall Canadian economy of these crops being sold in the most expeditious manner. It is our desire and hope to participate in this movement in the future as we have in the past.

The independent investor-owned companies were the pioneers in the development of the country and terminal elevator systems of Western Canada. They provided the risk capital required to furnish a necessary service to the Prairie

producer. We have been in the business of handling grain for generations and since the business of grain handling commenced in the West. As we have indicated to you, we are a vital part of the industry. The innovations, the extension of our business into additional fields of endeavor and the part we are playing in modernizing and improving our plant and equipment, is a clear indication that a very large section of the farming community wishes to do business with us. The fact that we continue to re-invest our earnings in the business makes it clear that we intend to remain a vital part of the grain elevator trade. We also do this in the confident belief that ultimately the appropriate authorities will recognize the need for fair and adequate grain handling and storage rates.

While we realize that your Committee does not deal directly with the setting of tariffs we have felt you should be acquainted with this situation. There are many other aspects of the grain industry with which we have not dealt, but my colleagues and I would be glad to discuss any of these with you.

## APPENDIX II

## BRIEF

Presented by

GIL MOLGAT, M.L.A.  
LEADER, LIBERAL PARTY OF MANITOBA

to the

STANDING COMMITTEE ON AGRICULTURE, FORESTRY AND RURAL  
DEVELOPMENT

of the

HOUSE OF COMMONS

Winnipeg, Manitoba

Friday, February 10, 1967

Before outlining the Liberal Party of Manitoba's major attitudes and policies towards agriculture, we wish to heartily welcome the Standing Committee on Agriculture, Forestry and Rural Development to Manitoba. It is through the free exchange of ideas between people of the west and you that policies truly meeting the needs of Western farmers and Canada as a whole, can be developed. The Liberal Party of Manitoba trusts that this visit to our province will not be the last; in fact, it earnestly hopes the Committee could make the visits an annual affair.

*Major Problems and Objectives*

The Committee has doubtless heard, from the many briefs presented to it by Western organizations, that agriculture in Western Canada is still plagued by cost-price problems. While it is true that some farmers are earning relative good net incomes, a great many producers earn less than the minimum wage.

The Liberal Party of Manitoba believes these are the main reasons for the problem:

1. Due to higher paying jobs in industry, farm labour is not only rare but expensive in relationship to the earning ability of many Manitoba farms.
2. Land values have gone up, making it increasingly difficult for farmers to obtain land at reasonable prices, or in relationship to their productive ability.
3. Both the labor shortage and high price of land have led to great use of purchased inputs to replace labor and land.
4. Unfortunately, while purchased inputs have increased the volume of farm products per acre and per man, the price the farmer receives for his produce has not kept pace with the cost of purchased inputs. Both large and small farmers find themselves on the same treadmill.



with smaller farmers in especially difficult circumstances since they have less ready access to capital with which to purchase these inputs.

The Liberal Party of Manitoba feels that agriculture should continue to share in the tremendous growth of Canada, and should, in fact, be a major contributor to its economic growth. It believes farm policies should be designed, from the long-term standpoint, to recognize the important contribution that agriculture can make.

The Liberal Party believes

- that policies to aid sub-marginal farmers and subsidized types of agriculture should be separate and distinct from those that are designed to increase productivity;
- that policies formulated to assist non-productive farm units do not hurt the growth and income position of productive units;
- that policies applied to one part of the country must not put farmers in another part of the country at a disadvantage, if this disadvantage is not an inherent one.

The Liberal Party of Manitoba earnestly solicits the support of the Standing Committee on Agriculture, Forestry and Rural Development towards accepting this principle:

That abundance and the ability to produce food in abundance is a wonderful gift that Canadian agriculture possesses. Canada must learn to live with this abundance and accept it, not as an evil but as something which is God's bounty. In view of the imminent world population explosion and the fact that even today, most people of the world live on subsistence-levels of food, it is foolhardy to accept any other long-term concept.

#### *Major Policies and Principles*

The Liberal Party of Manitoba feels the Committee may be interested in the Party's attitude towards certain agricultural policies which exist, and recommendations on certain policies which are needed, to achieve some of the objectives indicated earlier.

#### *Increase in Initial Payments*

The Liberal Party of Manitoba recommends that the initial price per bushel be raised by .25 on wheat, .14 on barley and .10 on oats. The extra money in the hands of the farmer will help him meet his bills, because many of his purchases are made under credit terms, charging interest.

The Party believes present market conditions merit this increase, and there is no risk to the Canadian taxpayer. The intent of the Wheat Board has always been to set the initial price enough below the expected realized price to have an adequate margin of safety.

In past years, the Wheat Board has advanced the initial price as price prospects improved, so the policy has already been established. They have also at times, used the practice of interim payments. We do not favour this policy and emphasize that an increase in the initial payment is of greater benefit to Western farmers.

Initial payments can be easily raised before the end of the 1966-67 crop year, and adjustments can be made to those producers who already have delivered grain under the present initial price.

## *2. Canadian Livestock Feed Board*

The main intention of the Canadian Livestock Feed Board is to buy feed grains at the lowest possible price and to ensure that adequate supplies of feed grains in Eastern Canada and British Columbia, are available to feeders. The Liberal Party of Manitoba is concerned that, because the Feed Board is a crown agency and the Wheat Board is a crown agency, with objectives of selling grain in the best interests of Western producers, there is possible conflict of interest at the Federal Government level.

Adequate machinery for purchasing Wheat Board grain exists through the mechanism of the Winnipeg Grain Exchange and it is imperative that the Feed Board not be sold feed grain at a price lower than that offered to any other purchaser.

## *3. Feed Freight Assistance*

The Liberal Party of Manitoba believes the Feed Freight assistance policy is harmful to the Western livestock producer, and recommends that such policy be discontinued prior to 1969. Western Canada enjoys an inherent ability to produce cheap feed grains. Yet much of the reason for the lack of growth of the livestock industry in Western Canada is due to low prices, partly induced by subsidized feeders in other areas.

We recommend that the subsidy be removed and that economics be allowed to determine the location of livestock feeding in Canada.

## *4. Machinery Parts and Service*

Costs of farm machinery make up approximately one-half the total fixed and operating costs of the average Western farmer. The Liberal Party of Manitoba supports the investigation to be undertaken by the Royal Commission on Farm Machinery.

## *5. Rail Line Abandonment*

Where rail lines are abandoned, the Liberal Party of Manitoba recommends that there be a joint federal-provincial cost-sharing program for the construction of hard-surfaced, all-weather roads. This would give farmers, forced to travel longer distances to country elevators, faster and surer trucking routes. This, after all, is a national problem, wheat being one of our major exports. The abandonment of branch lines represents, for those people served by such branch lines, a partial abandonment of the Crow's Nest Pass rates.

## *6. Federal Farm Management Program*

The Liberal Party of Manitoba is concerned that not enough extension work on farm management is being accomplished by the provincial Department of Agriculture. Yet farm management, especially enterprise accounting, is fundamental to a successful farm operation and will become more so in the years ahead.

The Liberal Party of Manitoba recommends that the Federal Department of Agriculture, in cooperation with the Provincial Department of Agriculture, initiate a mass extension program in the prairies, possibly taking the form of a correspondence course in accounting and enterprise analysis. Such correspondence courses have been successfully conducted in the United States and the development of one here would be relatively simple to adapt.

The Federal Department of Agriculture could also examine the possibility of establishing a computer service to serve all prairie farmers. Such a service, besides aiding the individual farmer in making correct management decisions, would also assist agricultural policy makers.

In this regard, we might point out that the University of Manitoba has at present, the most powerful computer in Canada, equalled only by one other in the Central Data Processing Bureau at Ottawa. We are in a position to perform this service.

### *Rapeseed Marketing*

Due to the vagaries of climate, Western Canadian farmers have few alternative crops to grow. Rapeseed is one crop that grows better in Western Canada than in any other part of the world, yet only about 20 million bushels were grown in 1966. If a much greater amount were produced, it is probable that prices would decline drastically, unless the total market were enlarged.

However, if rapeseed could be used as the primary oil in Canada, the following would happen:

- With increased demand, more rapeseed would be grown by prairie farmers, since the price would not be weakened.
- Corn oil and soybean oil imports would be reduced, with a resulting saving in the outflow of Canadian dollars.
- Flax, due to the reduced world demand for linseed oil, has a poor long-term future. Rapeseed could be an alternative crop for many producers. This is especially important in Manitoba which produces almost one-half of Canada's flax crop.

The Liberal Party of Manitoba recommends the following:

1. A crash research program by the National Research Council to:
  - (a) determine how toxic materials in rapeseed meal can be eliminated chemically in order to allow wider latitude in feeding of the meal to non-ruminants;
  - (b) develop varieties without toxic factors;
  - (c) develop earlier varieties that grow better in the drier parts of Western Canada;
  - (d) conduct cooking tests comparing the quality of rapeseed oil to soybean oil and corn oil.
2. The Federal Government request the United States Government to drop the tariff against the importation of rapeseed, rapeseed meal and rapeseed oil.
3. The Department of Trade and Commerce do more towards increasing the Canadian and overseas market for rapeseed oil and meal. It appears that little effort is being made in this regard.



Some of the larger food concerns such as General Foods or Borden's could process and distribute rapeseed oil. Possibly feed companies in Eastern Canada would be interested in using rapeseed meal in their animal feeds. It may be that the Department of Trade and Commerce could assist exporters and conduct an educational-promotional program among potential importers.

The Department could also assist Western oilseed processors, many of them relatively small, with marketing strategy in order to assist them in selling rapeseed oil and meal. Possibly a thorough marketing study is needed, and with the strength of this, sales could be increased.

Presented on behalf of

THE LIBERAL PARTY OF MANITOBA

## APPENDIX III

## CANADIAN OUTLOOK 1967\*

Dr. G. N. Irvine

Board of Grain Commissioners for Canada

Winnipeg, Manitoba, Canada

As a preamble to an examination of the present, and a look into the future, let us have a look first at the past six years of hard red spring wheat production in Western Canada. In the first chart we have the carryover as at July 31 for the past six years; this is the factor that weighs so heavily in determining overall policy. In mid-summer of 1961 we were getting a little concerned about what was beginning to look like a burdensome surplus; by fall we were glad to have it, as production that year was the second lowest in the past 40 years. Since that time we have considered a carryover of around 450 million bushels to be reasonable, and necessary, to ensure that we can take advantage of any selling opportunity, and also to ensure availability of adequate supplies for our regular markets when we have a short crop. By the end of July this year, the carryover will probably have risen somewhat above the desirable level but farmers will be in a better position than for some years to store a sizeable percentage of this on the farm.

Now let's look at how exports have been going during this time. The next chart shows our exports of hard red spring wheat during this same period. Here you see the massive effect of the Russian sales in 1963-64 and again in 1965-66. We seem to be getting into a period where our sales are likely to vacillate between a base level around 325 million and a "bonanza level" of just over 500 million. This latter level seems to be about as much as we can physically handle through our system at the moment since, in addition to hard red spring wheat, we export considerable quantities of durum wheat, barley, flax and rapeseed.

Production of wheat over this same six-year period, shown in the next chart, appears to be following some form of Parkinson's Law to the effect that "production will rise to meet the needs of the export market". There has been an interesting parallelism between production and exports over the last five years. This, I don't think, is entirely fortuitous, but indicates a certain degree of flexibility in planning on the part of our Western Canadian farmers. The crop of 1961 was not planned that way, of course, and serves to indicate the ever present hazard of the environment. Over a six-year period, we have had a three-fold variation from the lowest to the highest production figures.

The situation at the moment is buoyant. Gross farm income last year was at an all-time high. This, coupled with the assurance of at least two more years of heavy export sales, has completely driven out the conservative depression complex from its last strongholds in Western Canada. Our farmers know now that they can invest in equipment, on-farm storage facilities, fertilizers and pesticides and herbicides, with the assurance that there will be steady opportunities to

\* Read at Crop Quality Council Conference, Minneapolis, Minnesota, February 8, 1967.

deliver their crops. This past year gave an indication of the value of weed control and fertilizer treatment when weather conditions are right. We produced an all-time record crop of spring wheat and the average yield, at almost 28 bushels per acre, was also an all-time record.

Farmers in Western Canada must store their crop on the farm, at their own expense, until they can deliver it. Delivery is controlled by quotas, to give each farmer an equal opportunity to deliver his wheat over the whole crop year. For this reason, good crops are not all that is required for a buoyant outlook, the farmer also needs the assurance that he can deliver his crop and get paid for it. Our current long-term agreements with China, Russia and a number of the Iron Curtain countries ensure that our wheat sales will remain much above average over the next two years. It is generally felt that we will export in the neighbourhood of 450 million bushels of hard red spring wheat in each of the next two years.

With our farmers now able to finance greater inputs to achieve greater outputs, we anticipate a strong move away from the use of summer-fallow in favour of more continuous cropping with inputs of chemicals for weed control and of fertilizers. If this trend materializes, we can expect a higher acreage devoted to wheat this year and a steady increase in our average yield over the next few years. Together, these could result in our reaching a production figure of a billion bushels sooner than we have expected, given a decent break by the weatherman. In farming, as with so many other industries, it takes money to make money. With two great export years 1964 and 1966 coming almost back to back, the Western Canadian farmer has at long last got some cash in his jeans and the confidence to borrow more as he requires it.

Of course this rosy picture could be quickly altered by a cycle of dry years but we do not appear to be as vulnerable to drought as we once were.

The variety pattern in Western Canada is rather different from that in the U.S. spring wheat area. The principal variety, after 30 years of production, is still Thatcher, although the percentage seeded to it is decreasing. In the rust area of Manitoba and Eastern Saskatchewan, Selkirk still predominates, but Carleton Place and Pembina have made inroads in recent years. We expect that the variety Manitou may, in the next few years, end Thatcher's long reign as the dominant variety in Western Canada; it has excellent stem and leaf rust resistance and what appears to be a very broad yield potential. Manitou may be a significant factor in our reaching the billion bushel mark, if it fulfills the current expectations held for it. By next year we should have sufficient seed to cover a substantial percentage of our Western Canadian wheat acreage.

Before leaving the subject of hard red spring wheat I should add a word about flour consumption and exports. Domestic per capita consumption is still decreasing slowly in Canada but the increase in population is helping to keep the overall consumption at a reasonably stable level. Flour exports are steadily declining, as a result of the establishment of milling industries in many former market areas. Our market in the U.K. is declining also, as a result of the domination of the baking industry by the milling industry. The widespread adoption of the new Chorleywood Baking Process has also had its effect, as this process can be operated with weaker flour blends than were formerly used with conventional baking systems. At the moment export flour accounts for about



35-40 million bushels (wheat equivalent). This means that our export picture for hard red spring wheat should run close to 500 million bushels, wheat and flour, this crop year.

The durum picture is somewhat different from that for hard red spring wheat. Since rust race 15B did away with the durum crop in Manitoba and Eastern Saskatchewan in 1954, production has shifted largely out of the rust area—although the varieties now being seeded are mostly 15B resistant. Because we have this greater flexibility in the area where durum will yield as well as bread wheat, we tend to have a more widely varying production from year to year. When durum is in short supply, the price differential between durum and hard red spring wheat widens and often the quota situation will be eased to encourage heavier deliveries of durums. Both of these factors will encourage seeding of durums. Normal quotas and lower price differentials will discourage production. I don't believe we have many areas where durum will consistently outyield bread wheats to the extent that they do in the durum triangle of North Dakota. Accordingly we have few farmers who feel that they have a permanent interest in durums, although sufficient farmers have worked with it, that it is relatively easy to increase production as necessary to cover our projected export requirements. While the price of our Manitoba Northern grades has been relatively stable over the past ten years, durum prices during this time have fluctuated from premiums of over \$1.60 to discounts of 13 cents relative to the price of the Northern grades. This fluctuation has tended to overinfluence production patterns.

In the next chart you can see our production pattern over the past six years—especially marked by the great response to the high prices created by our virtual crop failure in 1961. In 1962 we raised an all-time record crop of 66 million bushels. Immediately following this harvest word went out that farmers might well ease back on production of this crop, and production has been falling steadily until last year; although the acreage did not increase markedly, yields were at a record level last year, pushing production upwards again.

If we look at the next chart we can see that production does not reflect exports in the same neat way it does for bread wheat. Heavy sales to Italy cleaned out our durum supplies in 1960-61 and we were then faced with the situation where we had almost nothing to export as a result of the drought in 1961. Exports have been rising steadily since then but perhaps have reached a plateau now at a level around 30-35 million bushels. This current level has included fair quantities to Russia, China, Poland and Czechoslovakia.

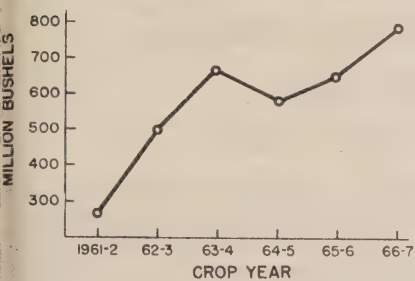
The imbalance between production and exports is reflected, of course, in the carryover shown the next chart. It rose to record heights in 1963-64 from the low levels of 1960-61 and 1961-62. However brisk sales, especially to Russia and China in the past two crop years, have helped to reduce it to more rational levels at the present time.

Present production is mostly made up of the two rust resistant varieties Stewart 63 and Ramsay, with smaller amounts of Pelissier and Golden Ball. These latter two varieties give pasta products of rather poorer colour than our standard variety Mindum and are graded into a special grade for which there is a remarkably strong demand. We are presently testing several new varieties developed by our plant breeders, at least one of which looks very promising from both the quality and the agronomic points of view.

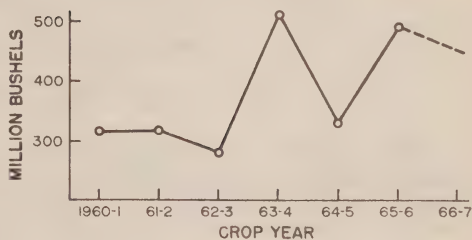
There is little can be said in predicting our future durum production. The market seems to be strong, with several Eastern European countries now regularly buying. If the EEC should move to require the use of durum for the manufacture of pasta products, we can expect something like a 50 per cent increase in world trade in durums. Although this proposal is still a long way from general acceptance by the EEC members it is a very pleasant possibility for contemplation by durum growers in Canada and the U.S.A. With our flexibility we will always be able to expand or contract production as the export market dictates. If we can continue to carry over 20-25 million bushels a year, we should be able to avoid some of the "feast or famine" aspects of the durum market in the post-war period.

I would like to wind up this brief survey of the Canadian outlook with a discussion of what I believe to be the most difficult problem facing us in the immediate future. We are now within sight of a billion bushel wheat crop and this could, in my opinion, be reached within the next few years without resort to hybrid wheat or to high-yielding dwarf spring wheats of perhaps dubious quality. We are constantly bombarded with statements about the world population explosion and with projections of the greatly expanding need for cereals to "feed the starving masses of the world." We know that to reach export figures much in excess of those we have achieved in the past few years we will have to seriously overhaul our present handling system. And our economists, in the main, are predicting that there will be ready markets for all we can produce. Now I think it has been pretty obvious for some years that there have been "ready markets" for all the wheat we have carried over from year to year in Western Canada, the only problem has been that these "ready markets" have not been in a position to pay for the wheat, and the heavily burdened Canadian taxpayer has been in no position to give it to them. While our food aid program has been expanded in recent years, it will be a very long time before we are financially able to underwrite gifts of 200-300 million bushels of wheat annually. Our farmers are only too willing to respond to the challenge thrown out by the economists—grow all you can to help feed the world—but our whole wheat economy is based on selling our wheat for hard currency. To export substantially more than we are now will involve large scale investment in improving our handling facilities. Are we to embark on an ambitious program of expansion without knowing how the farmer is going to get paid for his increased production? Our own foreign aid program is as generous as that of any country but only disposes of 35-40 million bushels a year. At the same aid rate, the U.S. can dispose of 570 million bushels. In reviewing our potential production, within the next five years we can see the possibility of a billion-bushel crop but we can see cash markets for only 650-700 million (including domestic consumption). The Western Canadian farmer is a pretty shrewd fellow, he has had to be to survive and he is now looking for some guidance as to what to believe. In this, our centennial year, we are going to hear a great deal of discussion of the question "Where do we go from here?" It is interesting to note that during the present crop year, the U.S.S.R. will take 112 million bushels from Canada, while at the same time giving substantial aid in the form of wheat shipments to India and to Egypt. Is this perhaps an indication of a way out of our dilemma?

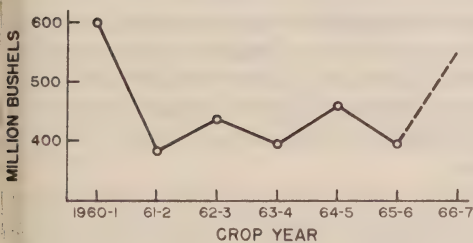
I HARD RED SPRING WHEAT: PRODUCTION



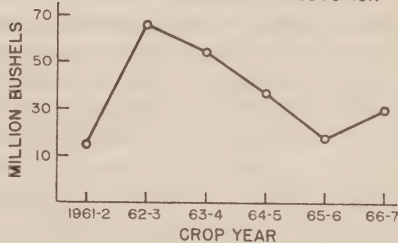
II HARD RED SPRING WHEAT: EXPORTS



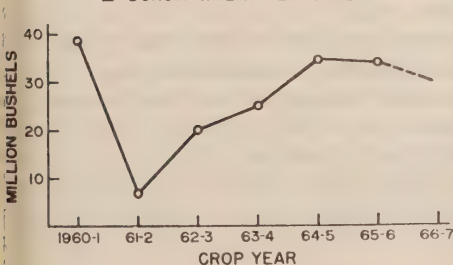
III HARD RED SPRING WHEAT: CARRYOVER



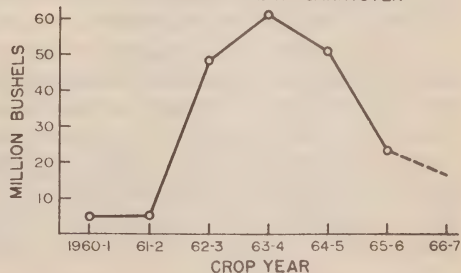
IV DURUM WHEAT: PRODUCTION



V DURUM WHEAT: EXPORTS



VI DURUM WHEAT: CARRYOVER





## APPENDIX IV

BOARD OF GRAIN COMMISSIONERS FOR CANADA  
SUMMARY REPORT OF MISSION TO AUSTRALIA,

November 30—December 20, 1965

M. J. Conacher, Special Advisor to the Board

The purpose of the mission was to make a general examination of the methods employed in the handling of grain in Australia, and in particular to assess the Australian methods of controlling the quality of their export wheat. Three weeks proved sufficient for only cursory examinations of some operations in a relatively small part of that vast country, so this cannot be considered as a comprehensive report of the entire Australian grain industry.

## GRAIN HANDLING AND STORAGE FACILITIES

In the areas visited, producers are not required to store any grain on the farms except that which they retain for their own use. Consequently, almost the entire saleable crop is delivered into the elevator system, directly from the harvesting machines. Thus the collection points, or country elevators, plus the terminal elevators, must have sufficient capacity to receive and ship or store an entire crop in a matter of about two weeks.

This is in sharp contrast to the Canadian system, where, taking into account farm-stored carryovers, the equivalent of an entire cereal crop has been stored on the farms of western Canada. Another significant point of difference between the Australian and Canadian systems is that in each of the states of Australia there is a single monopolistic authority engaged in the physical handling of grain from the receipt of farmers' deliveries through to loading for export or for delivery to domestic consumers.

The apparent advantages of their system are: (1) it gets the grain into positions where it can be efficiently treated with protectants against insect immediately after harvest, so that losses from infestation are kept extremely low; (2) it is possible to exercise excellent control of large scale blends for export; and (3) with grain being delivered directly from the fields, producers are kept informed as to whether they are harvesting grain that can be accepted at the country elevator; for example, if a farmer delivers a load of wheat that is too dirty or that contains moisture in excess of an acceptable maximum, he may have to haul it back home; obviously, he will take care that subsequent loads are acceptable, if it is possible for him to accomplish this, such as by cleaning or by waiting for the crop to dry before continuing to thresh. I saw farmers having their grain refused at a country elevator because the moisture content was over 12.0 per cent!

### *Country Elevators*

In Western Australia, several country points were visited in company of Mr. M. J. Lane, General Manager of Co-operative Bulk Handling Limited. (Mr. S. C. Hodgson, Chairman and General Manager of the Grain Elevators Board of New South Wales, was also present for his first look at grain handling operations in Western Australia.)

As was the case with most of the grain elevators that I visited in Australia, I marvelled at the efficiency and flexibility of the elevator handling and storage facilities in Western Australia. Although substantial quantities of wheat were being produced in Western Australia in the 1830's it was not until the 1930's that they turned from handling grain exclusively in bags to a bulk handling system. The reason for this swing to bulk handling was elementary; it was simply that the cost of bags and the handling of these became prohibitive during a period of low grain prices. It was then that Co-operative Bulk Handling Limited came into existence as a growers' co-operative, operating as a monopoly under authority of the government of the State of Western Australia.

A great deal of study was made by this co-operative in order to devise means of handling and storing an entire crop at a minimum of expense. This is essentially a system of large, flat storage warehouses, that can be expanded quickly and cheaply in order to take care of local deliveries. Much of the elevating machinery is portable. The storage warehouses are mainly of wooden timbers which support corrugated metal sheets to form sides and roof. The sheathing can be moved from one location to another, depending on local storage requirements. As most of the grain that enters the country elevator system is of one "grade", that is, FAQ, these large, single warehouses or bins are quite adequate.

At some country points there are concrete silo-type elevators; the equipment in these includes conventional pits, boots, legs, screw conveyors, etc., similar to those contained in country elevators in western Canada. Grain is elevated from flat warehouses, and spouted to railway cars, by means of portable augers or belt conveyors. In some cases a rubber-tired tractor with a "front-end loader" is used for removing grain from warehouses to a pit for elevating and loading into railway cars. (It was said that the latter method was much less expensive than any other known method of removing grain from flat storage warehouses of the size they have.)

In New South Wales the several country elevators visited were all concrete silo-type, usually with storage annexes of the same construction, that is, cylindrical, concrete bins. These have belt conveyors in tunnels and galleries, in addition to the usual elevating machinery. A typical installation consisted of a workhouse with 14 bins, total capacity 50,000 bushels, plus 3 large annex bins of 50,000 bushels each, making a total of 200,000-bushel capacity. Such an elevator was receiving about 20,000 bushels per day, and could load out a similar quantity to rail cars.

### *Terminal Elevators*

Terminal elevators were visited in Geraldton and Fremantle in Western Australia, at Geelong in the state of Victoria, and Sydney in New South Wales. The terminals are generally about equal in handling capacity to terminals of

similar size in Canada; but their handling is expedited by the fact that they do not dry any grain and they do very little cleaning; also, they handle fewer "grades".

The terminal at Geraldton, W.A., operated by Co-operative Bulk Handling Limited, first came into operation in 1961. The reinforced concrete construction and the machinery is the same as is commonly seen in Canadian terminals. Storage capacity is 2,200,000 bushels. It can receive grain from road trucks and rail cars at a maximum rate of 920 tons per hour, and can load to vessels at the rate of 800 tons per hour.

This is the most efficient-looking and cleanest terminal elevator that I have seen in all of my experience; the dust collection system is so efficient that there is no need to wear dust coats on a tour of the premises. There is a central control room attached to the workhouse, where the entire operation of the elevator can be observed through a system of lights and dials; some remote control is possible from this point.

The terminal at Fremantle, which was put into operation in 1964, is the newest of the Australian terminals; it is similar to, but even more efficient than the Geraldton terminal. I am sure that the management are correct in their claim that there is no terminal more modern than this anywhere in the world. The storage capacity is 4 million bushels in the new structure, with a total of 7,300,000 bushel capacity including the original old elevator and adjoining flat storage. Handling capacity is, inward from road trucks and rail cars, 1,100 tons per hour; and delivery to vessels, 1,600 tons per hour.

The terminal at Geelong is operated by the Grain Elevators Board of Victoria, which is a state-operated organization. This Board operates the country elevators and terminal grain elevators in the State, handling grain as agents of the Australian Wheat Board. This elevator is similar to many of the finest Canadian terminals that were built before 1930, but it has been thoroughly modernized and very well maintained. It is extremely flexible and efficient; it has an excellent dust-control system and a highly efficient and safe system for fumigation and subsequent aeration of grain. This terminal consists of concrete silos, with 8-million bushel capacity, plus two giant flat storage sheds of 9-million bushel capacity each, making a total storage capacity of 26 million bushels. In the crop year 1964-65, this elevator shipped out 59,800,000 bushels of grain; this included 17 separate "grades" of wheat and barley. The handling capacity is 1,600 tons per hour inward, and the same amount outward to vessels.

The Geelong elevator has a central control system contained in one room from which the actual operation of practically the entire elevator is handled by remote control. The whole effect is of unusually high mechanical efficiency.

The terminal elevator at Sydney, N.S.W., is operated by the Grain Elevators Board of New South Wales, which also operates all of the country elevators in that state. This elevator, with storage capacity of 7½ million bushels, was built in 1918, and is similar in construction and layout to some of the terminals that were built in Canada at about that time; the structure and the machinery are obviously rugged, but in need of modernization. For example, the storage bins have open tops, and dust control is almost non-existent; some of the machinery is obsolete. Modernization of this terminal has been planned, in addition to improvements of the main structures to bring it up to date with features such



as dust control, load cell belt weighers to replace manual scales on receivers, remote control of conveyor feeder valves, modern cleaners, etc.

The layout of railway tracks at this terminal makes for extreme efficiency in the placing and unloading of railway cars. Unloading 5 rail cars simultaneously, the receiving system can handle up to 1,500 tons per hour; there are 5 shipping legs that can deliver a total of 2,000 tons (75,000 bushels of wheat) per hour to vessels. The largest handling of this elevator was in the 1964-65 season, when 140 vessels were loaded, with a total of 57,300,000 bushels. Modernization is expected to make possible a yearly handling of 90,000,000 bushels.

### *Grain Storage Capacities*

Total storage capacity for bulk grain in Australia is approximately 365 million bushels, including 74 million bushels of permanent storage facilities at port terminals. The figure changes because the capacity of temporary storage in the interior is adjusted according to the volumes to be handled. The majority of the elevators are owned and operated by the individual state grain handling authorities. The Australian Wheat Board owns storage units in four states, with total capacity of 65 million bushels; these are operated by the state authorities.

Sheds are used for storage of bagged grain when the need arises; for example, in the 1963-64 season, nearly two million bushels of bagged wheat was stored in the state of South Australia.

Only twice in the last 35 years has total wheat production in Australia exceeded 300 million bushels, so it can be appreciated that, with the flexibility permitted by their type of temporary storage, they can take delivery of all marketable supplies of cereals, directly following the harvest.

### *Weighing of Grain*

At all of the country elevators visited in Western Australia, motor trucks were weighed on platform scales at some distance from the elevators, on entering and leaving the elevator compound, for obtaining gross and tare weights. These scales have capacities ranging from 11 to 30 tons. The smaller units will handle almost any farm truck, but of course these are not adequate for the large modern tractor-trailer units; in some cases, the load on each axle is weighed individually. In New South Wales, scales observed at country elevators were similar to those most commonly used in western Canada, that is, platform scales located in the driveways of the elevators. In the terminal elevators visited in Western Australia all of the scales used for weighing grain on both receiving and shipping were Avery automatic "weighers", 6 tons capacity per draft. These scales are contained in locked rooms with dust control. All were so arranged that one or more drafts could be run to another scale (Avery, 39,000-pound capacity) for manual weighing as a check on the accuracy of the automatics. I was told that in some cases no tolerance of error whatsoever was permitted, that the counterpoises were moved as required so as to make the automatics show exact weights. At another terminal, I was told that the maximum tolerance on a 12,000-pound draft was 7 pounds, beyond which figure scales would be put out of service; on a regular check basis, if the error is over 2 pounds per draft, and this cannot be corrected by adjusting the counterpoise, then they call the Avery people for service.

### *Grain Cleaners in Elevators*

Apparently there is no such thing as a grain cleaner in a country elevator in Australia. The farmers are required to deliver grain clean enough to meet export standards (FAQ), or acceptance of their grain may be refused at the country elevator.

Each of the terminals visited had a few conventional grain cleaning machines said to be used mainly for cleaning bin bottoms, although occasionally, for cleaning larger quantities in order to meet export or "premium" standards. Here is a conspicuous difference between the terminals in Australia and Canada; the workhouse floors look empty by comparisons with ours which are full of cleaners, separators, etc.

### RAILWAY CARS

Railway cars used in grain hauling in Australia (called rail trucks or rail wagons there) include an assortment of sizes and types; some have roofs with openings for convenient top loading, and some are open gondola cars with tarpaulin covers. Capacities range from 20 to 55 tons. In Western Australia, the cars that are used regularly for the hauling of grain have doors in the ends for unloading; these make for extremely rapid unloading with simple end dumpers or "tipplers" at the terminals. In Victoria and New South Wales, the newer grain cars have multiple hoppers in the bottom; I saw a hopper-bottom car of wheat unloaded in exactly two minutes at the Sydney terminal.

### INSECT CONTROL

Much of the grain delivered from farms into the elevator system in Australia is at temperatures in excess of 80°F., such temperatures being quite common at harvest time. Control of stored grain pests has therefore been a major continuing problem for the Australians; large amounts of grain have been required to be fumigated, and indeed this is still the case (in comparison with amounts fumigated in Canada) despite the widespread use of protectant chemicals. The only one of the latter that was mentioned was Malathion (O,O-dimethyl dithiophosphate of diethyl mercaptosuccinate). Problems of pest control provide the main reason that they usually warehouse wheat at moisture levels lower than 12.0 per cent.

In recent years, the Australians have studied the effects of chemical protectants on grain; they established that if wheat is treated with 12 parts Malathion to a million parts of grain, it will be insect-free for 6 to 9 months under their ordinary storage conditions. As a result, they have adopted what is virtually complete treatment of their commercial grain with this chemical. Country elevators and terminals are equipped with apparatus which deposits the chemical, in water solution, onto the grain as a fine spray. They have developed apparatus which gives extremely accurate control of the amount of chemical used. A common method of application at the country elevators introduces the chemical into the grain in the boot of the receiving leg; in the terminal elevator the chemical is sprayed onto the grain on conveyor belts.

As Malathion is dissipated by the aeration that occurs in ordinary handling at the terminal operators re-apply the chemical as they receive grain; the maximum amount mentioned to me was 20 p.p.m. Apparently the accepted maximum

imum tolerance of Malathion permitted in grain going into export or into domestic food or feed channels is 8 p.p.m.; their problem has apparently been to hold up to this level rather than down to it. In the event that the concentration of chemical is too high, this apparently can be reduced by ordinary aeration. While Malathion does not pose extreme dangers to humans as do the fumigants, it is harmful if inhaled, swallowed or absorbed through the skin. I felt extremely conscious of the presence of Malathion in all elevator premises that I visited; furthermore, I could detect its disagreeable odour from my clothing for several hours after having been in the elevators.

Fumigants reportedly used are: cyanide gas only in the terminals in Western Australia, and phosphine gas only in the terminals in the states of Victoria and New South Wales. Various "residual" sprays are commonly used for spraying walls, empty bins, etc., provided that there is no deposit directly onto grain.

### QUALITY CONTROL or "GRADING"

Contrary to our preconceived ideas, there are several "grades", or different ranges of quality, into which Australian grain is divided for purposes of handling and marketing. The basic quality, which includes most of the crop that is marketed, is the FAQ (Fair Average Quality) that is re-established annually for each one of various production areas. These areas are: Southern-Western N.S.W., Northern N.S.W., Victoria, South Australia, Western Australia, and Queensland.

The procedure followed in establishing FAQ bears some resemblance to the survey of the new crop each fall in western Canada in connection with the preparation of standard samples. Taking Western Australia as an example, the country staff of Co-operative Bulk Handling Limited are required to send in at least three samples that they consider typical of the new crop of wheat, as soon as it is possible to obtain these in their respective districts. The samples are sent to the central laboratory of Co-operative Bulk Handling Limited in Perth, where various tests are made on these, including test weight, moisture, protein, extensograph, and milling and baking tests of composites. These samples are usually received well before any significant quantities of wheat are received at the country elevators. In the areas near Perth and Geraldton which I visited during the first week of December, wheat was generally ripe. The harvest was delayed by rain, and as the country elevators do not have moisture testers, producers were required to wait until the central laboratory returned reports on the preliminary samples that had been received. (All elevators in New South Wales are equipped with moisture meters.)

As deliveries to country elevators proceed, the operators prepare weighted composite samples of receipts, which are sent frequently to the central laboratory in Perth for examination and testing. The experts in this laboratory direct the elevator operators in their buying and handling of grain, taking into account the overall quality of the crop as well as any particular quality factors.

There are certain constant factors that apply every year in the qualification of wheat with respect to FAQ; these are, maximum 12.0 per cent moisture, minimum 59 pounds test weight per bushel, maximum 5 per cent of "unmillable" wheat (through 2mm  $\times$  1/2-inch slotted sieve), maximum 25 blackpointed kernels per ounce.



Normally, although the harvest is underway early in December, very little wheat is delivered to vessels until late in January; by that time the FAQ level has been established on the basis of samples that represent practically the entire crop, these being made into composites weighted in relation to quantities produced in various areas of the state. With the grain actually having been received into the various storage positions, it is possible to draw it into terminals in proper proportions for the making up of large blends that conform quite closely to the FAQ level.

However, substantial quantities of wheat do not enter commercial channels as FAQ. "Premium" quality wheat which, as the term implies, commands premium prices, is handled and marketed separate from FAQ wheat; much of it is track-loaded directly to rail cars for shipping to domestic mills; this is done using portable power-driven conveyors with integral hoppers for receiving grain from motor trucks. "Premium high protein" wheat is selected for bread flour; there is also "premium low protein" wheat that is sold into the biscuit trade. Variety is a factor in classing wheat as "premium"; and it seems that the prospect of obtaining premium price has a significant influence on producers' decisions to sow better quality varieties; there are "premium pools" which provide for equalizing of payments to growers of premium wheat.

There are also "substandard", or "under-grade", qualities of wheat. Lightweight wheat is often divided into two substandard categories, such as under 56 pounds per bushel, and 56 pounds to 59 pounds per bushel. Wheat that is damaged from causes such as weathered, or "shot and sprung", mould, "tipped" (excessive blackpoint), "red or pickled" (mercurial-treated), infested, or insect-damaged, smutty, eucalyptus-tainted, lightweight and containing excessive unmillable material, is sold as substandard if the damage is so severe that it poses a threat to the quality of FAQ shipments.

Operators may refuse to take delivery of substandard wheat from producers. If space is available, and the grain is received, samples are sent forthwith to the head office for assessment of "dockage", which means dockage in price rather than for mechanical clean-out as in the case of Canadian grain. Some under-grade wheat is loaded directly into railway cars, that is, trackloaded as in the case of premium wheats.

It can be appreciated that the Australian system makes for narrow ranges of quality in FAQ cargoes, in comparison with Canadian export shipments. One of the main reasons is, of course, that each "FAQ" represents a relatively small area, with nothing approaching the variations in weather that occur over the Prairie Provinces of Canada. Another contributing factor is the removal from the main bulk of their wheat, of selected premium high- and low-protein; segregating these obviously helps to reduce the range of protein of their export shipments.

The control obtained, by taking delivery of practically all of the marketable crop directly from the fields, provides the means for large-scale blends for export, taking any significant quality factors into account. It seems probable that the claims from buyers' markets, of Australian cargoes being received within narrow ranges of protein, test weight, and other factors, are quite credible.

Unfortunately for them, their authorities have essentially no control over the varieties that are grown; elimination of some of their poorer quality varieties

would result in a great improvement in their control of quality of FAQ exports. Some of the well-informed Australians who know about the Canadian system of licensing varieties of seed, told me they were convinced of the need for them to do something along similar lines; I submit that it is noteworthy that influential people are thinking this way.

### OILSEEDS AND OILSEED PRODUCTS

As we had known of Australian imports of oilseeds and products therefrom, advantage was taken of opportunities to obtain information on this subject.

There is relatively little stall feeding of livestock in Australia because their main markets are for lean meat. Exports include pure lean beef, that is, filleted and with all fat trimmed off. Therefore they sometimes have exportable surpluses of protein supplements, including linseed meal. However, there is demand in the Australian feed trade for soybean meal; this has been obtained from both U.S.A. and Canada by the largest feed compounder in the country. There is little demand for rapeseed meal, although rapeseed oil is in demand; so the oil has been imported instead of the seed.

There has apparently been a substantial increase in the consumption of vegetable oil products in Australia. Newspapers were carrying advertisements for margarine, with emphasis on the effect on health of poly-unsaturated oils. Imports of rapeseed oil have increased from 98,867 gallons in the crop year 1962-63, to 473,005 in 1963-64, to 936,696 in 1964-65; the suppliers in 1964-65 were Sweden (327,886 gals.), Federal Republic of Germany (321,369 gals.), Japan (143,701 gals.), Denmark (115,003 gals.), other foreign (28,737 gals.); total value over \$1.5 million.

Safflower seed is apparently the best suited of the edible-oil seeds for production in Australia; this is understandable in view of the similarity of climate to that of the areas of California where the safflower produces well. Australian production of this seed increased from a mere 382 tons in the crop year 1956-57, to 3,732 in 1963-64, to 16,400 tons (estimated) in 1964-65.

Increased production of edible-oil seeds in Australia is being encouraged by government and by industry. Work is being done on varieties of soybeans in the hope of finding some that are suitable for Australian conditions. Rapeseed is being grown, too, on a more or less experimental basis; performance in 1965 in the state of Victoria was promising. Domestic production of safflower seed is encouraged by guaranteed prices to producers, and by duties on imported seed.

It looks like a fair assumption that the Australians are intent on being self sufficient in oilseeds. At least, we cannot look to Australia for large continuing outlets for our oil seeds and products therefrom; but this is not to say that this market should be forgotten, because they are not yet self sufficient and thus may occasionally present favourable sales opportunities to Canadian suppliers.

### PROSPECTS FOR GRAIN PRODUCTION

In the last few years, the acreage seeded to wheat in Australia has been increasing at a rate of about a million acres a year, without affecting the acreage planted to other crops. The main reason for this increase in wheat acreage is the discovery, a few years ago, of a means of increasing the fertility

and production of soils by growing so-called "subterranean" clover. There are varieties of deep-rooted clover that thrive in the average climate of Australia's farmlands.

These clovers thrive through the winter, when the rainfall is generally heavy, and freezing is not a factor. So sheep thrive on the lush green clover in the winter; and if the pasture is not over-grazed, there is a residue of dry, highly nutritive hay that provides excellent feed for the sheep through the hot summer months. The production potential of grazing land has been greatly increased; in some areas it has been doubled. These clovers build up fibre and nitrogen in the soil rapidly; after three or four years the land is ready to produce greatly increased cereal crops with the addition of superphosphate fertilizers.

Full exploitation of this technique, which is still in the development stage, are expected to bring about some spectacular increases in farm incomes. While this is interesting to us, unfortunately there does not seem to be any lesson that we can draw from it, because the climate of Western Canada precludes following the Australian example.

#### ACKNOWLEDGEMENTS

I was given a most enthusiastic reception, and utmost co-operation, everywhere I visited in Australia. I am extremely grateful to the men of the Canadian Foreign Trade Service who made advance arrangements for visits with various interests in and associated with the grain business, set up itineraries for me, and gave me personal assistance to ensure that my time was spent to maximum advantage.

Everywhere I went, the kindness of the Australians far exceeded my expectations. I had thought there might be some reticence about exposing the details of their operations to an observer from a country that is obviously a competitor of theirs in world grain markets; but I am convinced that all of these people were completely forthright with me; and they certainly showed me all I asked to see, and more—time was the limiting factor.

I must give special mention to a few of these men:

Mr. Lane of Co-operative Bulk Handling Limited in Western Australia took time personally, during the excitement of the start of the harvest, to take me on a trip to see the grain handling facilities at Geraldton and Fremantle terminal as well as at several country points. Mr. Hodgson of the Grain Elevators Board in New South Wales took me on a three-day tour of country elevators, ending in Sydney where he arranged my visit to the terminal elevator there.

Dr. Callaghan and Mr. Dorman of the Australian Wheat Board took time for an interview with me and invited me to visit at the close of a meeting of the full Board. Mr. Dorman had his congenial executive assistant, Mr. "Alf" Hill take me to Geelong to see the terminal elevator and to visit with the extremely interesting terminal superintendent there, Mr. Wallace Knights. Mr. Hill also delivered me by motor car from Melbourne to Albury, N.S.W., to meet with Mr. Hodgson for the tour of elevators in that state.

My Canadian friend, Mr. John Stiles in Sydney, assigned his Mr. Charles Legge to assist me in attending interviews with people in Sydney and environ-



courtesy of Mr. O'Neill in Canberra, Mr. Doug. Campbell, Canadian Agricultural Secretary, was my guide in Canberra; he even flew with me to Melbourne to assist in meetings there.

I am extremely grateful to the several people in public service and in industry for copies of publications, reports, etc., that they gave me, with their authority to quote from these and to reproduce pictures.

PERSONS AND PLACES VISITED (partial list)  
WESTERN AUSTRALIA

*Perth*

Head offices and laboratory of Co-operative Bulk Handling Ltd.

- Mr. M. J. Lane, gen. mgr., CBH
- Mr. D. Thayne, grain inspection supervisor, CBH
- Mr. C. Siarikowski, in charge of laboratory, CBH

Department of Agriculture, Govt. of Western Australia

- Dr. T. C. Dunne, Director of Agriculture, D. of A., W.A.
- Mr. A. S. Wild, Chief, Wheat & Sheep Div., D. of A., W.A.
- Mr. J. A. Parish, Cereal Product Advisor, D. of A., W.A.

*Perth*

Terminal elevator of CBH, Mr. E. W. Dunn, port supt.

Headquarters of Mr. F. Reynolds, "territory" supt., CBH (40 sidings)

*Perth*

Headquarters of Mr. R. Dixon, district supervisor, CBH (10 sidings)

*Perth*

Country elevator agent, CBH, Mr. B. Row

*Perth*

Country elevator

*Perth*

Country elevator

*Perth*

Terminal elevator of CBH, Mr. P. Bird, port supt.

*Perth*

Mr. H. L. Shields, pres., Wongan Ballidu Shire

*Perth*

Transfer elevator, under construction.

CANBERRA, A.C.T.

- Mr. A. R. Menzies, High Commissioner for Canada
- Mr. J. B. O'Neill, Commercial Counsellor
- Mr. D. I. Campbell, Assistant Commercial Secretary

Dept. of Primary Industry, Govt. of Australia

- Mr. J. D. Macfarlane, 1st asst. secy, Export & Management Div.
- Mr. I. H. Smith, asst. secy, Export Inspection Div.

## VICTORIA STATE

*Melbourne*

Head offices of Australian Wheat Board

- met entire Board—see Annual Report for membership.
- Dr. A. R. Callaghan, Chairman, Australian Wheat Board.
- Mr. L. H. Dorman, gen. mgr. A. W. B.
- Mr. A. J. Hill, executive asst., A. W. B.

Dept. of Agriculture, Govt. of Victoria State

- Mr. W. B. Miller, Supt. of Agriculture (also member, Aust. Barley Board)

Grain Elevators Board (Victoria State)

- Mr. K. H. Turnbull

Mr. V. C. Burston, Pres., Melbourne Corn Exchange, Canadian Foreign Trade Service

- Mr. H. A. Gilbert, Commercial Counsellor for Canada

*Geelong*

Terminal elevator of Grain Elevators Board (Victoria State)

- Mr. D. P. Knights, supt.

## NEW SOUTH WALES

*Sydney*

Grain Elevators Board of New South Wales

- Mr. S. G. Hodgson, Chairman & Manager
- Terminal elevator of GEB, Mr. E. Sullivan, supt.

Dept. of Agriculture, State of New South Wales

- Mr. C. Walkden Brown, Cereal Specialist

Allied Feed Mills, Pty. Ltd.

- Mr. Douglas, manager
- Mr. R. V. Buist, chemist

Blyth, Greene, Jourdain (Aust.) Pty Ltd.—Importers

- Mr. C. R. Cara, manager for N.S.W.
- Mr. W. A. Hawes, Sales mgr. for N.S.W.

Meggitt Ltd., Granville (suburb of Sydney)—oilseed crushers

- Mr. H. W. Stuart, Gen. supt. (over 3 plants)

Canadian Foreign Trade Service

- Mr. J. A. Stiles, Commercial Counsellor for Canada
- Mr. Chas. Legge, asst. to Mr. Stiles

*Albury*

Southern Mills Ltd. (Bunge Corp.), Mr. V. Griffiths, mgr.

*Culcairn, Henty, Yerong Creek, The Rock, Wagga Wagga, Harefield, Old Junee, Temorra, Barmedman, Wyalong Central, Wirego, Grenfell, Cowra, Holmwood, Bathurst.*

Country elevators of GEB

unece

"Sub-terminal" elevator of GEB, Mr. J. Arthur, officer in charge.  
Headquarters of Mr. W. Hunter, district supervisor for GEB

renfell

Headquarters of Mr. R. Gamble, district supervisor for GEB  
Local office of Wm. Cooper & Nephews Pty. Ltd., Mr. R. Sticker, entomologist.

## REFERENCES

Any of the following material is available for reference in connection with this report, and may be borrowed from the office of:

M. J. Conacher, Special Advisor to  
The Board of Grain Commissioners for Canada,  
267 Grain Exchange Building,  
Winnipeg 2, Manitoba

1. Annual Report, Australian Wheat Board, Season 1963-64.
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3. Annual Report, D. of A., Western Australia, 1963.
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14. Geraldton, W.A., Grain Terminal.
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21. Insect Control—Directions for Use of Insecticides, Grain Elevator Board of N.S.W.
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24. Grain Protection—Application Control Equipment, CBH Ltd., W.A.
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32. Wheat Variety Recommendations for 1965. D. of A., N.S.W.
33. Report on the Vegetable Oilseeds Industry in Australia. Aust. Dept. Primary Industry.
34. Summary of Australian Imports of Rapeseed Oil, 1963/64 & 1964/65.
35. Newspaper advertisement—Margarine from Safflower Oil.
36. Aust. Tariff Board's on Safflower Seed and Soya Beans, Safflower Oil and Soya Bean Oil, 1965.

Handwritten notes, for personal reference only, not to be loaned.

HOUSE OF COMMONS

First Session—Twenty-seventh Parliament

1966-67

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 33

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TUESDAY, APRIL 25, 1967

THURSDAY, APRIL 27, 1967

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Respecting

The Annual and Supplementary Reports of the  
CANADIAN WHEAT BOARD  
for the Crop Years 1962-63, 1963-64, 1964-65

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INCLUDING

The Sixth Report to the House  
and

- (A) Index to Agriculture Estimates.
- (B) Index of Witnesses.
- (C) List of Briefs re the Canadian Wheat Board.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-Wolfe</i> ),	Mr. Gendron,	Mr. Nowlan,
Mr. Beer,	Mr. Godin,	Mr. Olson,
Mr. Berger,	Mr. Grills,	Mr. Peters,
Mr. Choquette,	Mr. Herridge, <sup>2</sup>	Mr. Pugh,
Mr. Clermont,	Mr. Honey,	Mr. Rapp,
Mr. Comtois,	Mr. Hopkins,	Mr. Ricard,
Mr. Côté ( <i>Nicolet-Yamaska</i> ),	Mr. Horner ( <i>Acadia</i> ),	Mr. Roxburgh,
Mr. Crossman,	Mr. Johnston,	Mr. Schreyer,
Mr. Danforth,	Mr. Lefebvre,	Mr. Stafford,
Mr. Ethier, <sup>1</sup>	Mr. MacDonald ( <i>Prince</i> ), <sup>3</sup>	Mr. Stefanson,
Mr. Faulkner,	Mr. McKinley,	Mr. Tucker,
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Assiniboia</i> ),
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	Mr. Watson ( <i>Château-</i> <i>guay-Huntingdon-</i> <i>Laprairie</i> ),
	Mr. Neveu,	Mr. Yanakis—45
	Mr. Noble,	

(Quorum 15)

Michael B. Kirby.  
*Clerk of the Committee.*

<sup>1</sup> Replaced Mr. Cadieu (*Meadow-Lake*), Tuesday, February 14, 1967.

<sup>2</sup> Replaced Mr. Gundlock on Tuesday, February 14, 1967.

<sup>3</sup> Replaced Mr. Madill on Tuesday, February 14, 1967.



ORDERS OF REFERENCE

TUESDAY, February 14, 1967.

*Ordered*,—That the names of Messrs. Ethier, Herridge and MacDonald (*Prince*) be substituted for those of Messrs. Cadieu (*Meadow Lake*), Gundlock and Madill on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House of Commons.*

## REPORT TO THE HOUSE

MONDAY, May 8, 1967.

The Standing Committee on Agriculture, Forestry and Rural Development has the honour to present its

### SIXTH REPORT

In accordance with its Order of Reference on Thursday, June 2, 1966, the Committee had before it for consideration the Annual and Supplementary Reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64 and 1964-65.

Your Committee has considered and approved the Annual and Supplementary Reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64, and 1964-65, and commends them to the House with approval.

Your Committee had the following witnesses appear before it;

*The Minister of Finance:* Hon. Mitchell Sharp

*From the Canadian Wheat Board:* Mr. W. C. McNamara, Chief Commissioner; Mr. J. B. Lawrie, Assistant Chief Commissioner; Dr. R. L. Kristjanson, Commissioner; Mr. C. E. G. Earl, Executive Director; Mr. Peebles Kelly, Treasurer; Mr. S. A. Hornby, Secretary; Mr. F. T. Rowan, Sales Manager, Wheat; Mr. H. B. Monk, Solicitor to the Board.

*From the Board of Grain Commissioners:* Messrs. F. Hamilton, Chief Commissioner; W. J. MacLeod, Secretary; V. Martens, Assistant Secretary; E. Baxter, Chief Statistician; C. L. Shuttleworth, Commissioner; A. H. Wilson, General Manager, Canadian Government Elevator; M. J. Conacher, Special Advisor, Grading; A. V. Svoboda, Commissioner; C. Hammond, Assistant Chief Inspector; Drs. W. Meredith and I. Hlynka, of the Research Branch.

*From the National Harbours Board:* Captain B. D. L. Johnson, Port Manager, Vancouver, and Mr. W. E. Pickering.

*From the Pacific Grain Transportation Committee, Department of Transport:* Mr. Bill Riddell.

*From North Pacific Shipping:* Mr. Harry Craig.

*From Louis Wolfe & Sons (Vancouver) Ltd.:* Mr. Albert White.

*From the Canadian Pacific Railway:* Mr. J. N. Fraine.

*From the Alberta Department of Agriculture:* Dr. Glen R. Purnell, Director, Economics Division, and Mr. R. E. English, Statistician.

*From the Alberta Wheat Pool:* Messrs. Nelson Malm, First Vice-President; Allan J. Macpherson, Second Vice-President; H. K. Moen, General Manager, Vancouver; O. Keith Resenberger, Director; Omar J. Broughton, Secretary; A. T. Baker, General Manager; C. L. Nowlin, Manager, Country Operations; J. S. Harburn, Manager, Sales and Traffic; Allan M. Gibson, Manager, Public Relations; L. D. Nesbitt, Retired Superintendent of Publicity; Bruno Friesen, Economist.

*From Prairie Farm Rehabilitation Administration (P.F.R.A.):* Mr. M. J. Fitzgerald, Director; Mr. W. B. Thompson, Assistant Chief Engineer; Mr. W. M. Berry, Chief Design Engineer.

*From the C.C.F. party of Saskatchewan:* Mr. J. H. Brockelbank, M.L.A., Kelsey; M. I. C. Nollet, M.L.A., Cutknife; and Mr. E. I. Kramer, M.L.A., The Battlefords.

*From the National Farmers Union:* Mr. Roy Atkinson, President; Mr. Stuart A. Thiesson, Secretary Treasurer.

*From Saskatchewan Department of Agriculture:* The Honourable D. T. McFarlane, Minister of Agriculture; Mr. Harold Horner, Deputy Minister; Mr. J. A. Brown, Director, Economic Division.

*From the Saskatchewan Wheat Pool:* Mr. E. K. Turner, First Vice President; Mr. R. H. Phillips, Director, Research Department; Mr. W. J. Ball, Manager, Country and Terminal Elevator Division; Mr. J. O. Wright, Secretary.

*From the City of Moose Jaw:* His Worship, Mayor Louis H. Lewry.

*From Manitoba Pool Elevators:* Dr. W. J. Parker, President; Mr. Harold B. Sneath, Vice President; Mr. George E. Franklin, Director.

*From the North-West Line Elevators Association:* Mr. A. S. Leach, Chairman of Executive Committee; Mr. George H. Sellers, Mr. J. D. MacDonald, Mr. R. P. Purvis.

*From the Liberal Party of Manitoba:* Mr. Gildas L. Molgat, M.L.A., Ste. Rose, Leader of the Opposition; Mr. Ron Clement, M.L.A., Mr. Ralph Rasmussen.

*From the Manitoba Department of Agriculture:* The Hon. Harry J. Enns, Minister of Agriculture; Mr. W. E. Jarvis, Deputy Minister; Mr. G. A. Kristjansson, Assistant Director, Economics and Publications Branch.

*From United Grain Growers Ltd.:* Mr. R. C. Brown, Vice-President.

Your Committee would like to thank all of the above witnesses for their attendance before the Committee and for their helpfulness.

In considering its Order of Reference your Committee sat fourteen times and held eight meetings in Western Canada. The eight meetings in the West took place over one week and lasted some twenty-seven hours. The Committee also spent another twenty hours touring and inspecting grain and other facilities in and around Vancouver, Calgary, Regina, Winnipeg and the Lakehead.



Your Committee sought permission from this House to tour Western Canada for several reasons. First, the Committee wished to examine the Canadian Wheat Board on its "home stamping grounds" and secondly the Committee wanted to hear Westerners and their representatives. Third, the Committee wanted to see for itself the installations and facilities about which it has been hearing so much. The visit to the West, your Committee feels, was invaluable, as it was both broadening and educational.

Indeed one of the most rewarding features was the understanding and knowledge gained by the Parliamentarians from Eastern Canada. This latter, in the eyes of the Western Members, your Committee knows, made the hearings and inspections very worth while.

Your Committee would like to thank all those who contributed to the success of the tour through the Prairie Provinces and in particular would like to express its thanks to the Chairman, and Vancouver staff of the National Harbours Board, the Lakehead Harbours Commission, the Winnipeg Grain Exchange, the Chief Commissioner and staff of the Board of Grain Commissioners, The Saskatchewan Wheat Pool, Federated Co-ops of Calgary and Western Feeder Lots (Alberta) Ltd.

Your Committee has become concerned about the delay in receiving printed evidence. It has been most awkward to write a proper Report to the House without the printed proceedings being quickly available.

Translation of the proceedings into French is also very slow and indeed the French speaking Members of your Committee have every reason to be concerned. Weeks, and even months have passed before the French translations have become available.

These remarks must in no way be taken as criticisms of the present staff. Indeed, they are to be complimented for doing the work as well as they do under the circumstances.

Your Committee is of the opinion that if the present Committee work load is to continue or increase a greater degree of efficiency would be possible by making enlarged supporting staffs available to Committees.

The Committee is also of the opinion that more and better planned Committee meeting rooms are sorely needed.

Writing to the Chairman of the Standing Committee on Broadcasting, Films and Assistance to the Arts Mr. Speaker said, in part, the following:

"In my view authority to broadcast or telecast committee proceedings can only be given by the House of Commons itself . . . .".

Your Committee, as have other Committees, has been subjected to continued pressure to allow the televising of Committee proceedings. Your Committee is aware of the above opinion of the Speaker of the House and has been bound by tradition in this situation. The Committee can see many difficulties if no proper controls or guidelines are established in this area. It is your Committee's view, therefore, that study should be made of this problem and if it

televising of proceedings is agreed to by the House, that proper rules and regulations be drawn up.

As the session draws to a close your Committee would like to offer its thanks to the staff of the House and in particular to the Committees and Private Legislation Branch and the Interpretation Branch for the excellent work done on its behalf. Your Committee would like to make special mention of the Clerk of the Committee, Mr. Michael B. Kirby.

While considering the Reports before it, your Committee considered and reached some conclusions on the following topics;

### NATIONAL FARM POLICY CONFERENCE

A recommendation was made to your Committee by witnesses in Western Canada that the Federal Government should convene a national conference on farm policy.

Your Committee has sympathy for this suggestion and notes that the Canadian Federation of Agriculture endorses the idea. Your Committee feels that such a conference might contribute a great deal to the future of farming in Canada. Your Committee, therefore, recommends that a National Farm Policy Conference be called under the auspices of the Federal Government.

### CANADIAN WHEAT BOARD

Your Committee must offer its congratulations to the Chief Commissioner and staff of the Canadian Wheat Board for the excellent job they are doing selling Canadian grains. The esteem in which witnesses appearing before the Committee held the Board could not but impress your Committee.

In examining a Crown Corporation it would not be proper for a Committee of this House to delve into matters of internal administration. Your Committee feels, though, that the successes which the Canadian Wheat Board has been achieving can be traced directly to the administrative qualities found in the Commissioners and staff.

Your Committee as a result of its inquiries is of the opinion that the market for Canadian Grain is continually growing. The problem in the future will possibly lie in whether Canada can produce enough grain to meet the market's needs. Experts are of the opinion that the world wheat requirements will reach four billion bushels by 1980 and this will require quite a large increase in production. To meet its customers' requirements Canada will have to have an annual wheat production by 1980 of one billion bushels. The fear expressed is not that Canada will exceed this figure but rather that it might fail to do so.

Your Committee thus concludes that leadership in the grain trade is of growing importance for if the figures and arguments put forward by the experts are reliable then an all out effort must be made. It is your Committee's view that some of this leadership must come from the Canadian Wheat Board.

## GOVERNMENT ASSISTED EXPORTS—GRAIN AND FLOUR

The world food shortage is reaching an acute stage. Witnesses appearing before your Committee felt that if it was not settled now, it would soon be politically unacceptable to ignore the hungry and the destitute. Implied in the opinions expressed by these witnesses was the idea that the whole matter was one of national concern and one that soon would see great international involvement. Your Committee will not go into the "whys" of foreign aid but would like to say that Canadian Food Aid programs must be greatly expanded.

Your Committee is in no way implying any criticism of present programs. Your Committee, conscious of the work of the Standing Committee on External Affairs, does not wish to go too far into this subject, but feels that by including a recommendation for greater food aid programs it is giving a warning that Canada must be prepared to give more, not because its present aid is minor, but because hunger is spreading.

## INTERNATIONAL WHEAT AGREEMENT

Your Committee heard evidence dealing with the International Wheat Agreement (IWA). Some witnesses expressed the view that the present IWA agreement which has had two extensions should not be extended unless terms of agreement are negotiated to bring about a substantial increase in the price ranges of the better grades. Witnesses were questioned closely on this matter and were asked what amount they would recommend as a proper, and equitable price increase for No. 1 Northern at the Canadian Lakehead.

It is your Committee's opinion that a 50 cent a bushel increase would be fair and equitable for high quality wheat in view of world market conditions.

## INITIAL PAYMENTS

Your Committee heard much evidence on the size of the initial payment to producers for grain delivered to the designated elevators. To many witnesses the size of the final payment indicated that the initial payment is too low.

Your Committee has considered this evidence and is very sympathetic to the representations made. Your Committee would like to recommend that the initial payment should never be below eighty percent of the full quoted price.

## JURISDICTION OF THE CANADIAN WHEAT BOARD

Evidence suggested that the jurisdiction of the Canadian Wheat Board should be extended so as to allow the Board to handle the marketing of rye, flax and rapeseed. This proposition would appear to have a general support throughout the West. The Canadian Wheat Board, when it appeared before the Committee pointed out that if the Board were to assume marketing responsibility for rye, flax and rapeseed an amendment to the Canadian Wheat Board Act would be required. The Board also stated that if such an amendment were passed that it was confident that it could handle the added responsibility.



Your Committee understood, however, that a very different type of marketing operation would be necessary to handle the marketing of flax and rapeseed. If the marketing powers of the Board were extended to cover flax and rapeseed it would, in effect, involve the establishment of a completely new operation within the Board.

After due consideration of the representations made the Committee feels that an extension of the Wheat Board jurisdiction into this area could be beneficial for the producer.

This opinion has been reached for the following reasons. First the Canadian Wheat Board now regulates the delivery of rye, flax and rapeseed to country elevators and because of this the producer is frequently not able to take quick action to take advantage of the changing market prices. Second, a single well-established selling agency would insure uniform delivery arrangements and give the Canadian producer the considerable marketing experience of the Canadian Wheat Board. Third, Canadian Wheat Board control would in all likelihood encourage diversity of prairie grain production. Something that should in the long run prove very healthy for the grain industry.

Your Committee therefore recommends that legislation be introduced, after the usual procedures have been complied with, that would extend the jurisdiction of the Canadian Wheat Board so that it would be the sole Canadian marketing agency for rye, flax and rapeseed.

#### OILSEEDS

Your Committee had impressed upon it, by one of its members, and many witnesses, the importance of rapeseed. Rapeseed is one crop that grows better in Western Canada than in any other part of the world. However, if any greater amount were grown in Canada it is very likely that prices would be drastically affected unless the total market were enlarged.

It is your Committee's view that domestic oilseeds could be used more extensively as a primary oil in Canada. If this were to happen more rapeseed could be grown on the prairies and fewer Canadian dollars would leave Canada to import corn and soybean oil.

It is your Committee's recommendation that the Oilseed Institute be urged to initiate additional research on rapeseed and that the Institute be encouraged to promote the production and marketing of rapeseed and its by-products.

#### TRANSPORT EXPEDITER

The Committee is of the opinion that the appointment of a Transport Expediter during periods of recent stress performed a useful service in facilitating the movement of grain. It is your Committee's recommendation that the Government give consideration to appointing a Transport Expediter on a continuing basis.

## CANADIAN LABOUR (STANDARDS) CODE

It was pointed out to the Committee that the Canada Labour (Standards) Code will pose problems and difficulties to the operation of Country Elevators. It appears that the hours of work of elevator operators varies greatly and that work periods are liable to seasonal and other influences. The Canadian Labour (Standards) Code would fix a maximum work week and provide extension beyond an approved range of overtime only with specific permission of the Federal Government. This would require that someone make themselves responsible for keeping time records of hours worked by country elevator agents.

Evidence before your Committee suggested that supervision for this amount of record keeping would be extremely difficult, particularly in situations where the only man on the elevator location is the agent himself. Were the agent to become his own time keeper it is foreseeable that disputes could arise over the matter of overtime accounting. Evidence seemed to prove to your Committee that the country elevator operator is a part of management. The provisions in the Canadian Labour (Standards) Code affecting rates of pay are not at issue in this difference because present rates of pay exceed the suggested minimum. The elevator companies appear to have a temporary deferment under the regulations provided for in the Act until some time later this summer. After this period they have been advised that they will be expected to comply with the Canadian Labour (Standards) Code.

Your Committee is of the opinion that sympathetic consideration should be given to this special situation. No action, however, should be taken to exempt the country elevator agent from the Canadian Labour (Standards) Code unless the agents themselves have been fully consulted. The exemption, your Committee feels, should be continued until the agents have been consulted.

## TOLLS ON THE ST. LAWRENCE SEAWAY

During the taking of evidence, the question of tolls on the St. Lawrence Seaway was brought up repeatedly. Many witnesses were particularly against the idea of tolls on the Welland Canal. It was argued before your Committee that no other inland canal in North America had such user tolls. However, your Committee notes that no other inland canal is used by similar traffic, a fact that few witnesses pointed out.

Your Committee is aware of the large expenditures and capital costs that are involved in the continued proper operation of the Welland and appreciates the concern of the Seaway Authority that at least operating costs should be met.

It is realized that this is a delicate matter and that the policy-maker has to strike a nice balance. Your Committee, however, believes that every effort should be made to insure that tolls be either eliminated or kept to the very minimum.

To your Committee the St. Lawrence Seaway is a very definite continuation of the nation making "*National Policy*" of MacDonald and Laurier. The capital costs involved should, in your Committee's view, be accepted as far as possible as a direct responsibility of the people of Canada.

## BOARD OF GRAIN COMMISSIONERS

While in Winnipeg your Committee had a most interesting and enlightening tour of the headquarters of the Board of Grain Commissioners. The work done by this body is considered by your Committee to be excellent and invaluable to the proper operation of the grain trade. In the Committee's opinion the work of the Board has contributed in large part to Canada's lead in the world wheat trade.

Your Committee was not impressed, however, with the cramped and crowded facilities in which the Board is housed. The staff working in the Grain Exchange Building is all the more deserving of credit for the high caliber of work produced in spite of the facilities provided them.

Your Committee recommends that the Board of Grain Commissioners and particularly the Grain Research Laboratory be provided with adequate space for offices and laboratories to facilitate and extend the commendable work being done.

## GRADING

Canada is the only wheat exporting nation in the world with such an expert system of grading grain. The work of the Board of Grain Commissioners in this field has won the confidence of the most critical buyers as Canada is the only country in the world selling wheat on certificate. Your Committee heard evidence that there were some four hundred different grades of grain. Some suggestion was also made that this number was too high and that the Board of Grain Commissioners is investigating methods to bring this to a more manageable level.

Your Committee is of the opinion the work planning to minimize the number of grades of grain be encouraged and accelerated.

## RESEARCH EASTERN VARIETIES

Your Committee recommends that more research be directed towards the production of new varieties of feed grain for use throughout Canada.

## WHEAT RESERVES

Your Committee heard evidence supporting the principle of the Temporary Wheat Reserves Act which provides payments to meet the storage costs of all wheat in public storage at July 31 each year in excess of 178 million bushels.

Your Committee recommends that the Temporary Wheat Reserves Act be amended to provide for payment of storage costs of all wheat in public storage at July 31 each year in excess of 100 million bushels.

Your Committee feels that Canadian Farmers must be encouraged to produce as much top quality wheat as is possible. To your Committee the size of the world population and Canada's relationship as a grain producer to it must be taken into account. So much Canadian grain is sold that there have been very



small carryovers over the last few years. Your Committee does not wish to be pessimistic but would sound the warning that if the Canadian grain crop were to fail, many might go hungry. Self interest also enters the picture for if the Canadian harvest failed, then Canadian customers might and indeed would have to go elsewhere. This is not a recommendation for the creation of a food bank, although your Committee feels that eventually a bank will have to be set up.

Your Committee has it in mind that Canada must be prepared for all eventualities. The wheat reserves of this country must be such that there is a buffer to fill both domestic needs and the immediate needs of our foreign customers.

### FEED GRAINS AGENCY

Witnesses appearing before the Committee in Western Canada were concerned somewhat over the role that the Eastern Feed Grains Agency might play. In general all witnesses supported the policy of the Agency. Concern was expressed, however, that a conflict might develop between the Agency and the Canadian Wheat Board if the Agency were to become a feed grains buying Agency as well as being an administrator. Your Committee noted, though, that the Commissioners of the Canadian Wheat Board did not express the same fear.

Your Committee feels that the agency must be given an opportunity to become operational before it can make any recommendations about the fears expressed. Your Committee feels, however, that some attempt should be made to lay to rest the fears expressed by witnesses.

### WORK STOPPAGES

In evidence heard by your Committee, considerable dissatisfaction was expressed by the farm organizations and by the Canadian Wheat Board Commissioners about the work stoppages on the railways, among dock workers, and even among terminal elevator employees. It was pointed out to your Committee numerous times that whenever grain stops moving the shut down soon reflects back through the system until eventually the country elevators are filled and the farmer is not able to deliver any more grain. The farmer does not get paid until his grain has been delivered to a licensed country elevator. Thus, large numbers of people are adversely affected. Even more important, waiting overseas customers tend to lose confidence in Canada's reliability as a supplier. A most unfavourable thing in any area as highly competitive as the grain trade.

Organizations advocated to your Committee the establishment of a form of labour management court which would provide compulsory arbitration.

Though your Committee is the Agricultural Committee its members do not disclaim knowledge of the tactics and purposes of striking. Your Committee could not accept such a suggested solution as being desirable at this time. Your Committee does realize, however, that some strikers have abused this great weapon in these last few years and would urge these people to consider how greatly their actions affect their fellow Canadians.

Your Committee is of the opinion that serious disruption of the grain trade has such a far reaching effect on the Canadian economy that studies must be made to find quicker and more efficient methods by which labour disputes might be settled.

### PIPELINES

Your Committee heard evidence which indicated that pipelines could be a good method to transport bulk commodities in the future. While your Committee did not delve into the subject too deeply, it is enthusiastic about the possibilities. The problem in development appears to lie in the need for a cheap lubricant.

Your Committee is of the opinion that extensive research should be undertaken into this field to ascertain its practicality.

### COUNTRY ELEVATORS

It is becoming urgent that some action be taken to make an overall assessment of the present and traditional method of handling grain at the local level. Evidence before the Committee suggested that the present country elevator system is in large measure outmoded and costly. The whole matter is considered of great importance by your Committee for plans are now being introduced which proposed large scale rail abandonment in Western Canada. The fear many witnesses expressed to your Committee arises out of the fact that large capital expenditures will have to be made in order to update the present elevator system if the proposed rail abandonment is only partially allowed. If haphazard construction of country elevators will lower the return to the producer and raise the cost to the consumer then certainly there is great need for research into construction of future facilities.

The changes in bulk loading and bulk carriers over the last few years in industries other than the grain industry have been very wide. These new methods of handling "bulk cargos" have in many cases been very successful. The carriers of grain and the elevator companies have been very slow to adopt these new techniques over the last few years. In evidence before your Committee it became apparent that attempts might be made to pass the costs of these new capital projects in large part on to the producer and consumer.

This would appear somewhat unfair to your Committee for while a great deal of money has been spent on new capitalization more could and should have been spent on research and the introduction of new grain handling methods and facilities.

If many of the proposed rail abandonments go into effect the farmer will have to haul his produce much further to the country elevator. This will be an added cost to the farmer. The bigger trucks will be a major expenditure for most farmers. In turn these trucks will call for faster and surer trucking routes and these will have to be hard-surfaced, all weather roads. This latter will be a very heavy expenditure and one that will call for help from the Federal Government as well as the Province to insure that the producer does not have to bear the full direct costs.

Your Committee would like to recommend that research be carried out on an urgent basis into the design of the primary delivery country elevators; that consideration be given to placing the siting of country elevators under the control of the Board of Grain Commissioners; and that steps be taken to insure that as much as possible the much needed modernization costs are not all passed on to the producer and consumer.

The additional capital cost allowance on grain storage facilities which ran out December 31, 1966, should be reintroduced for another five years.

### GOVERNMENT ELEVATORS

In your Committee's Fourth Report a recommendation was made that all Government owned grain elevators should be placed under the direction and control of one body.

Your Committee while in Western Canada had an opportunity to inspect the Canadian Government terminal elevator at Moose Jaw, Saskatchewan. It is an impressive structure and in excellent condition, however, if nothing else, the unloading facilities are hopelessly out of date. Your Committee feels that the elevator must be updated. Other evidence would suggest that many other Government elevators are equally outmoded. If these elevators are to be of much use, your Committee feels that they must be equipped with the mechanized equipment that the present needs call for.

You Committee would like to reiterate its earlier recommendation that all Government elevators be placed under one management. Further, your Committee recommends that all Government elevators be modernized.

### PILOT AREA AND PORTS

As a result of examining the Annual Reports of the Canadian Wheat Board the Committee has come to realize that over the last few years great changes have taken place in the grain industry. Change today is so very rapid that often it is an unsettling thing. Many people, aware of the tremendous strides forward society is taking, have felt that to wait and see what is around the next corner is the prudent thing to do. The result has been that often these people are left completely behind or else are put to very great capital expense to catch up. The Canadian wheat producer is as advanced as any in the world and generally speaking the industry that transports and moves his produce to market is as advanced. Great expenditures are required, however, on newer and better primary delivery points. Railway methods of transport need vast improvement and the harbours of the country, presently running near capacity must be expanded. The changes will be expensive and must be wisely and judiciously introduced.

Your Committee feels that it is the Government's responsibility to insure that the changes that are made are to the producer's and the country's advantage. One of the best methods that your Committee can envisage to insure that



the best and least expensive modernizations are made on the local level would be the creation of two or three pilot projects.

Your Committee feels that steps should be taken to find areas that are at present already grappling with the changing technology and environmental changes these bring. The area should be approximately two hundred square miles in size.

The type of project envisaged cannot be set out in great detail here but your Committee would like the following to be considered. The main purpose of the project would be to produce grain as cheaply as possible and move it cheaply from the field to country gathering points—the elevator—by truck. Farmers would be at the most one hundred miles from the elevator and they would need a proper grid system of roads so as to get to the elevator quickly. The country elevator must not be considered a place of storage but should have storage facilities near it or connected to it. The elevator must be considered as a place from which grain moves by bulk transportation to market or terminal elevators and should be of the most modern type and capable of handling bulk type cars as well as the traditional cars.

The ports will also need changing. At present the unloading facilities of the big elevators are not capable of handling the new bulk type hopper cars. The harbours will need deepening in places to handle the bigger bulk carrier ships. The loading arms at the port terminal elevators are in many cases inadequate.

Your Committee has but slightly skimmed the surface of this subject and knows that a pilot project such as it foresees will need a lot of planning, work and coordination. However, your Committee cannot stress too strongly how important is the need for modernization at the many levels of the grain industry.

### VANCOUVER HARBOUR

While in Vancouver your Committee had an opportunity to tour the Vancouver harbour and was most impressed by its potential. Your Committee felt, however, that the harbour suffers from a lack of trackage and handling facilities. It became clear that there are not adequate tracks in Vancouver to spot enough cars at elevators to enable the elevators to operate at a satisfactory level of efficiency.

Your Committee strongly recommends that the Government and Canadian Wheat Board encourage the railway companies to speed up their plans for new track in the Vancouver area and the improvement of the trackage already there. Your Committee feels it would be desirable to coordinate all harbour and handling facilities for maximum efficiency.

### SUMMARY

While examining the Annual and Supplementary Reports of the Canadian Wheat Board your Committee came to appreciate the tremendous work being done by the people in and connected with the grain trade. Your Committee

cannot say less than that they are a definite asset to the whole of Canada. The amount of investment in terms of capital and man-hours is most impressive.

Your Committee has come to the conclusion that while the Canadian Wheat Board is officially charged with the marketing of wheat it should involve itself in other facets of the trade. It is realized that the Wheat Board cannot interfere directly in other areas of jurisdiction but it should be able to use judicious methods to put across points and ideas that come to it. For example, the equipment at Moose Jaw is, in many respects, out-of-date and thus expensive in terms of labour. The Board could encourage modernization and utilization. In fact it should, for when that elevator is used now, the producers lose money. The same reasoning applies to the conditions of the railways and the ports. Anything that lowers the return to the producer is definitely a concern of the Board.

\* \* \* \*

A copy of the relevant Minutes of Proceedings and Evidence (*Issues Nos. 27 to 33*) is tabled.

Respectfully submitted,

Eugene Whelan,  
*Chairman.*

## MINUTES OF PROCEEDINGS

MONDAY, April 24, 1967.

The Standing Committee on Agriculture, Forestry and Rural Development having been duly called to meet at 11.30 o'clock a.m. this day, the following members were present: Messrs. Clermont, Côté (*Nicolet-Yamaska*), Forbes, Herridge, Hopkins, MacDonald (*Prince*), Moore (*Wetaskiwin*), Nowlan, Olson, Peters, Schreyer, Whelan.

Also present: Mr. LeBlanc (*Rimouski*).

There being no quorum by 11.55 o'clock a.m. the Chairman, Mr. Whelan, postponed the meeting to later this day.

### AFTERNOON MEETING

The Standing Committee on Agriculture, Forestry and Rural Development having been duly called to meet at 4.00 o'clock p.m. the following members were present: Messrs. Clermont, Crossman, Forbes, Gauthier, Lefebvre, MacDonald (*Prince*), Muir (*Lisgar*), Olson, Peters, Schreyer, Whelan.

There being no quorum by 4.40 o'clock p.m. the Chairman, Mr. Whelan, postponed the meeting to another day.

TUESDAY, April 25, 1967.  
(45)

The Standing Committee on Agriculture, Forestry and Rural Development met *in camera* this day at 11.15 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Beer, Berger, Côté (*Nicolet-Yamaska*), Crossman, Danforth, Ethier, Forbes, Godin, Herridge, Hopkins, Jorgenson, Lefebvre, MacDonald (*Prince*), McKinley, Moore (*Wetaskiwin*), Neveu, Nowlan, Peters, Roxburgh, Schreyer, Stefanson, Tucker, Watson (*Assiniboia*), Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan, Yanakis (26).

The Chairman read to the Committee a letter received by the Clerk of the Committee on April 18, 1967 from Mr. J. E. McCannel, President of the Winnipeg Grain Exchange, protesting certain parts of Appendix 1 of the Minutes of Proceedings and Evidence of December 9, 1966 and which appeared in issue number 27.

After discussion, it was moved by Mr. Danforth, seconded by Mr. Jorgenson,



*Agreed*,—That a special meeting of the Committee be called to discuss the matter and that copies of the letter from Mr. McCannel be distributed to the members of the Committee at that time.

The Chairman informed the Committee that the Subcommittee on Agenda and Procedure had met and wished to report;

Your Subcommittee has the honour to submit the following as its

#### SEVENTH REPORT

Your Subcommittee met on Friday, April 21, 1967 and wishes to present a draft Report to the House.

The Clerk of the Committee distributed copies of the "draft report" to the members present.

The Chairman proceeded to read the draft report and discussion arose. Several amendments were made.

Later, progress having been made, it was

*Agreed*,—That the Committee sit later this day.

Discussion on the draft report continuing, the Chairman adjourned the meeting at 12.45 o'clock p.m. until 4.00 o'clock p.m. this day.

#### AFTERNOON MEETING (46)

The Standing Committee on Agriculture, Forestry and Rural Development reconvened *in camera* at 4.35 o'clock p.m. The Chairman, Mr. Whelan, presided.

*Members present*: Messrs. Beer, Clermont, Comtois, Côté (*Nicolet-Yamaska*), Crossman, Danforth, Forbes, Herridge, Hopkins, Jorgenson, Lefebvre, McKinley, Moore (*Wetaskiwin*), Muir (*Lisgar*), Noble, Peters, Schreyer, Stefanson, Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan (20).

*Also present*: Mr. Lind, M.P.

The Committee continued consideration of the draft report and several amendments were made.

The Chairman informed the Committee that he had to leave and asked Mr. Clermont to take the Chair for the balance of the meeting.

Later, after progress being made, it was

*Agreed*,—That two meetings be called on Wednesday, April 26, 1967 in the afternoon and evening.

Discussion on the draft report continuing, the acting Chairman adjourned the Committee to the call of the Chair.

THURSDAY, April 27, 1967.  
(47)

The Standing Committee on Agriculture, Forestry and Rural Development met *in camera* this day at 3:15 o'clock p.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Clermont, Côté (*Nicolet-Yamaska*), Forbes, Herridge, Horner (*Acadia*), Lefebvre, MacDonald (*Prince*), McKinley, Moore (*Wetaskiwin*), Muir (*Lisgar*), Neveu, Noble, Schreyer, Stefanson, Tucker, Watson (*Assiniboia*), Whelan 18.

The Committee continued discussion of the draft report. Several amendments were made and later a final draft of the report to the House was agreed to.

On motion of Mr. Clermont, seconded by Mr. Herridge, it was

*Agreed,*—That the Chairman report the final amended report to the House as the Committee's Sixth Report.

There being no further business at 5:55 o'clock p.m. the Chairman adjourned the meeting to the call of the Chair.

MONDAY, May 8, 1967.

The Standing Committee on Agriculture, Forestry and Rural Development having been duly called to meet at 9.30 o'clock a.m. this day the following members were present: Messrs. Clermont, Herridge, MacDonald (*Prince*), Peters, Schreyer, Tucker and Whelan.

There being no quorum by 10.06 o'clock a.m. the Chairman postponed the meeting to the call of the Chair.

Michael B. Kirby,  
*Clerk of the Committee.*

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Irvine, Dr. G. N., B.G.C. ....	16, 17
Jarvis, W. E., Deputy Minister, D. of A. (Manitoba) .....	32
Jefferson, C. H., D. of A. (Canada) .....	14
Johnson, Capt. B. D. L., National Harbours Board .....	27
Kelly, P., C.W.B. ....	13
Kramer, E. I., C.C.F. Party of Saskatchewan .....	29
Kristjanson, G. A., D. of A. (Manitoba) .....	32
Kristjanson, Dr. R. L., C.W.B. Commissioner .....	13, 30
Lawrie, J. B., C.W.B. Assistant Chief Commissioner .....	13, 30
Leach, A. S., North West Line Elevators Assoc. ....	32
Lewry, His Worship, Mayor L. H., Moose Jaw .....	29
Liberal Party, Manitoba .....	32
Ludwig, Dr. R. A., D. of A., (Canada) .....	6, 8
MacLachlan, D. S., D. of A. (Canada) .....	14
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Malm, N., Alberta Wheat Pool .....	28

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Martens, V., B.G.C. ....	17, 32
McClenaghan, Dr. R. J., D. of A. (Canada) .....	22
McCrea, J. P., D. of A. (Canada) .....	9, 10
McFarlane, Hon. D. T., Minister, Saskatchewan D. of A. ....	29
McNamera, W. C., C.W.B. Chief Commissioner .....	13, 30
Mestern, Dr. H., D. of A. (Canada) .....	2
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Molgat, G. L., Liberal Party of Manitoba .....	32
Moynihan, Dr. W. A., D. of A. (Canada) .....	21, 22
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Pratt, S. B., D. of A. (Canada) .....	11
Purnell, Dr. G. R., Alberta .....	28
Riddell, W., D.O.T. ....	27
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Rowan, R., C.W.B. ....	13
Saskatchewan Wheat Pool .....	29
Savage, R. G., D. of A. (Canada) .....	14
Sellers, G. H. North-West Line Elevators Assoc. ....	32
Sharp, Hon. Mitchell, Minister of Finance .....	13
Shuttleworth, C. L., B.G.C. ....	17
Stevenson, C. L., D. of A. (Canada) .....	11, 12
Svoboda, A. V., B.G.C. ....	17, 32
Thiesson, S. A., National Farmers' Union .....	29
Thompson, W. B., P.F.R.A. ....	29
Treleaven, D. H., C.W.B. ....	13
Turner, E. K., Saskatchewan Wheat Pool .....	29
United Grain Growers .....	32

Vogel, C. N., C.W.B. Commissioner .....	13
Wells, Dr. K. F., D. of A. (Canada) .....	21, 22, 23
White, A., Louis Wolfe & Sons (Vancouver) Ltd. ....	27
Williams, S. B., D. of A. (Canada) Assistant Deputy Minister ...	1, 2, 4, 11, 12, 14, 15, 16, 18, 19, 20, 21, 23, 24, 25, 26
Wilson, A. H., B.G.C. ....	32
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C—LIST OF BRIEFS AND PAPERS

Re:

CANADIAN WHEAT BOARD

	Issue No.	Pages
The Canadian Wheat Board: Orderly Marketing of Canadian Grain, by Research Branch, Library of Parliament .....	27	1034-46
Board of Grain Commissioners: Organization and Functions .....	27	1047-52
Statement to Committee: Saskatchewan Wheat Pool ....	29	1214-30
Memorandum on Prairie Farmers Tariffs and Trade: prepared by Saskatchewan Wheat Pool .....	29	1231-37
Memorandum on Questions of Grain Marketing: by Canadian Co-operative Wheat Producers Ltd. ....	29	1238-41
Memorandum to Government of Canada concerning the extension of Canadian Wheat Board jurisdiction to the marketing of Rye, Flax and Rapeseed: by Western Agricultural Conference .....	29	1242-54
Submission to St. Lawrence Seaway Authority on the question of Tolls and Fees: by Canadian Co-operative Wheat Producers Ltd. ....	29	1255-67
Statement on Canada Labour (Standards) Code as it applies to the operation of Country Grain Elevators: by Saskatchewan Wheat Pool .....	29	1268-70
Agriculture in Saskatchewan: submitted on behalf of C.C.F. members in Saskatchewan legislature .....	29	1271-86



Statement to Committee: National Farmers' Union ....	29	1293-1303
Statement on Demurrage: by the Canadian Wheat Board.	30	1358
Paper on Grain Industry of Manitoba, Saskatchewan, Alberta (with maps) by Barnett-McQueen Co. Ltd. of Fort William, Ontario .....	31	1394-1411
Statement to Committee: Manitoba Pool Elevators ....	31	1412-25
Statement to Committee: North-West Line Elevators Association .....	32	1515-21
Statement to Committee: submitted by G. Molgat, M.L.A., Liberal leader, Manitoba .....	32	1522-26
Canadian Outlook: by Dr. G. M. Irvine of the Board of Grain Commissioners .....	32	1527-31
Summary Report of Mission to Australia by M. J. Conacher, Board of Grain Commissioners .....	32	1532-44

HOUSE OF COMMONS  
Second Session—Twenty-seventh Parliament  
1967

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STANDING COMMITTEE  
ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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PROCEEDINGS

No. 1

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THURSDAY, JUNE 1, 1967

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INCLUDING

*Appendix A:*

Main Estimates 1967-68, Department of Agriculture.

*Appendix B:*

Main Estimates 1967-68, Department of Forestry and  
Rural Development.

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Asselin ( <i>Richmond-Wolfe</i> ),	Mr. Godin,	Mr. Olson,
Mr. Beer,	Mr. Grills,	Mr. Peters,
Mr. Berger,	Mr. Herridge,	Mr. Pugh,
Mr. Choquette,	Mr. Honey,	Mr. Rapp,
Mr. Clermont,	Mr. Hopkins,	Mr. Ricard,
Mr. Comtois,	Mr. Horner ( <i>Acadia</i> ),	Mr. Roxburgh,
Mr. Côté ( <i>Nicolet-Yamaska</i> ),	Mr. Johnston,	Mr. Schreyer,
Mr. Crossman,	Mr. Jorgenson,	Mr. Stafford,
Mr. Danforth,	Mr. Lefebvre,	Mr. Stefanson,
Mr. Ethier,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Tucker,
Mr. Faulkner,	Mr. McKinley,	Mr. Watson ( <i>Assiniboia</i> )
Mr. Forbes,	Mr. Moore ( <i>Wetaskiwin</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Gauthier,	Mr. Muir ( <i>Lisgar</i> ),	<i>guay-Huntingdon-</i>
Mr. Gendron,	Mr. Neveu,	<i>Laprairie</i> ),
	Mr. Noble,	Mr. Yanakis—45.
	Mr. Nowlan,	

Michael B. Kirby,  
*Clerk of the Committee.*



## ORDERS OF REFERENCE

FRIDAY, May 19, 1967.

*Resolved*,—That the following Members do compose the Standing Committee on Agriculture, Forestry and Rural Development:

Messrs:

Asselin ( <i>Richmond-Wolfe</i> ),	Grills,	Olson,
Beer,	Herridge,	Peters,
Berger,	Honey,	Pugh,
Choquette,	Hopkins,	Rapp,
Clermont,	Horner ( <i>Acadia</i> ),	Ricard,
Comtois,	Johnston,	Roxburgh,
Côté ( <i>Nicolet-Yamaska</i> ),	Jorgenson,	Schreyer,
Crossman,	Laverdière,	Stafford,
Danforth,	Lefebvre,	Stefanson,
Ethier,	MacDonald ( <i>Prince</i> ),	Tucker,
Faulkner,	McKinley,	Watson ( <i>Assiniboia</i> ),
Forbes,	Moore ( <i>Wetaskiwin</i> ),	Watson ( <i>Châteauguay-Huntingdon-Laprairie</i> ),
Gauthier,	Muir ( <i>Lisgar</i> ),	Whelan,
Gendron,	Neveu,	Yanakis—(45).
Godin,	Noble,	
	Nowlan,	

THURSDAY, May 25, 1967.

*Ordered*,—That, saving always the powers of the Committee of Supply in relation to the voting of public monies, the items listed in the Main Estimates for 1967-68, relating to the Department of Agriculture and the Department of Forestry and Rural Development, be withdrawn from the Committee of Supply and referred to the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,

*The Clerk of the House of Commons.*

REPORT TO THE HOUSE

JUNE 1, 1967.

The Standing Committee on Agriculture, Forestry and Rural Development has the honour to present its

FIRST REPORT

Your Committee recommends that its quorum be reduced from 23 to 13 members.

Respectfully submitted,

EUGENE WHELAN,  
*Chairman*

## MINUTES OF PROCEEDINGS

TUESDAY, May 30, 1967.

The Standing Committee on Agriculture, Forestry and Rural Development having been duly called to meet at 10:00 o'clock a.m. this day, for the purposes of organization, the following members were present: Messrs. Choquette, Crossman, Faulkner, Gauthier, Herridge, Hopkins, Jorgenson, Lefebvre, MacDonald (*Prince*), McKinley, Moore (*Wetaskiwin*), Olson, Rapp, Roxburgh, Schreyer, Stefanson, Watson (*Châteauguay-Huntingdon-Laprairie*), Whelan Yanakis (19).

There being no quorum present by 10:30 o'clock a.m., the members present dispersed.

THURSDAY, June 1, 1967.

(1)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 11:05 o'clock a.m. for organization purposes.

*Members present:* Messrs. Beer, Berger, Choquette, Clermont, Crossman, Danforth, Ethier, Faulkner, Gauthier, Gendron, Godin, Grills, Herridge, Johnston, Jorgenson, Lefebvre, MacDonald (*Prince*), McKinley, Moore (*Wetaskiwin*), Neveu, Noble, Olson, Rapp, Roxburgh, Schreyer, Tucker, Whelan, Yanakis (28).

The Clerk of the Committee presiding and having called for nominations to elect a Chairman Mr. Lefebvre moved, seconded by Mr. Choquette, that Mr. Eugene Whelan be elected Chairman.

On motion of Mr. Faulkner, seconded by Mr. Berger,

*Resolved*,—That nominations be closed.

It was then resolved *nemine contradicte* that Mr. Eugene Whelan be Chairman, Mr. Whelan then took the Chair and thanked the Committee for the honour bestowed on him.

The Chairman called for nominations for Vice-Chairman and Mr. Choquette moved, seconded by Mr. Cross that Mr. Herman Laverdière be elected Vice-Chairman.

On motion of Mr. Tucker, seconded by Mr. Schreyer,

*Resolved*,—That nominations be closed.

The Chairman declared Mr. Herman Laverdière elected Vice-Chairman.

On motion of Mr. Ethier, seconded by Mr. Rapp,

*Resolved*,—That a Sub-Committee on Agenda and Procedure, comprised of the Chairman and six members to be named by the Chairman, be appointed.



On motion of Mr. Ethier, seconded by Mr. Tucker,

*Resolved*,—That the Committee print from day to day 850 copies in English and 350 copies in French of the Minutes of Proceedings and Evidence.

The Chairman then read the Committee's Order of Reference.

On motion of Mr. Faulkner, seconded by Mr. Danforth,

*Resolved*,—That the items listed in the Main Estimates for 1967-68 relating to the Department of Agriculture and to the Department of Forestry and Rural Development be printed as appendices to this day's Minutes and Proceedings (*See Appendices A and B*).

On motion of Mr. Herridge, seconded by Mr. Danforth it was

*Agreed*,—That the Chairman be authorized to request that the Minutes of Proceedings and Evidence receive a higher priority for printing.

On motion of Mr. Lefebvre, seconded by Mr. Clermont,

*Resolved*,—That the Committee be given leave to reduce its quorum from 23 to 15 members.

Mr. Crossman then asked that the Sub-Committee on Agenda and Procedure discuss the possibility of the Committee holding hearings in the Atlantic provinces. Mr. Danforth requested that the Committee make the Department of Forestry and Rural Development Estimates the Committee's first order of business. After discussion, it was

*Agreed*,—That both matters be referred to the Sub-Committee on Agenda and Procedure.

At 11.40 o'clock a.m. there being no further business, the Chairman adjourned the Committee to the call of the Chair.

Michael B. Kirby,  
*Clerk of the Committee.*

## APPENDIX A

### AGRICULTURE

MAIN ESTIMATES, 1967-68

## AGRICULTURE

No. of Vote	Service	1967-68	1966-67	Change	
				Increase	Decrease
		\$	\$	\$	\$
(S)	Minister of Agriculture—Salary and Motor Car Allowance (Details, page 11).....	17,000	17,000		
	ADMINISTRATION				
1	Departmental Administration including the Canadian Agricultural Services Co-ordinating Committee, contributions to the Commonwealth Agricultural Bureaux, and a contribution to the Agricultural Economics Research Council in an amount equal to one-half the contributions to the Council from other sources during the fiscal year but not exceeding \$50,000 (Details, page 11).....	6,652,800	5,234,100	1,418,700	
	RESEARCH				
5	Administration, Operation and Maintenance including Canada's fee for membership in the International Society for Horticultural Science, an amount of \$625,000 for grants in aid of agricultural research in universities and other scientific organizations in Canada and the costs of publishing departmental research papers as supplements to the "Canadian Entomologist" (Details, page 15).....	33,845,800	30,771,700	3,074,100	
10	Construction or Acquisition of Buildings, Works, Land and Equipment (Details, page 18).....	6,000,000	5,387,000	613,000	
		39,845,800	36,158,700	3,687,100	
	PRODUCTION AND MARKETING				
	Administration				
15	Administration, Operation and Maintenance including the administration of the Agricultural Stabilization Act, and contributions to assist in the Marketing of Agricultural Products subject to the approval of Treasury Board (Details, page 18).....	3,161,200	2,850,100	311,100	
17	Grants, Contributions and Subsidies as detailed in the Estimates (Details, page 21)...	109,000,000	1,813,500	107,186,500	
(S)	Contributions to the Provinces under the Crop Insurance Act (Details, page 22).....	5,000,000		5,000,000	
		117,161,200	4,663,600	112,497,600	
	Animal and Animal Products				
20	Administration, Operation and Maintenance including Canada's fee for membership in the International Dairy Federation (Details, page 22).....	7,950,300	7,410,100	540,200	
25	Grants, Contributions and Subsidies in the amounts and subject to the terms specified in the sub-vote titles listed in the Details of the Estimates (Details, page 27).....	12,922,200	13,182,100		259,900
		20,872,500	20,592,200	280,300	



No. of Vote	Service	1967-68	1966-67	Change	
				Increase	Decrease
		\$	\$	\$	\$
	PRODUCTION AND MARKETING (Continued)				
	Plant and Plant Products				
30	Administration, Operation and Maintenance (Details, page 29).....	8,271,900	7,719,500	552,400	
35	Grants, Contributions and Subsidies as detailed in the Estimates (Details, page 32).....	268,000	13,562,001		13,294,001
		8,539,900	21,281,501		12,741,601
	HEALTH OF ANIMALS				
40	Administration, Operation and Maintenance including Canada's fee for membership in the Office International des Epizooties, and authority, notwithstanding the Financial Administration Act, to spend revenue received during the year from packers requiring special services (Details, page 34).....	16,132,800	15,048,900	1,083,900	
45	Grants, Contributions and Subsidies as detailed in the Estimates (Details, page 36).....	1,381,000	1,048,600	332,400	
		17,513,800	16,097,500	1,416,300	
	BOARD OF GRAIN COMMISSIONERS				
(S)	Salaries of the Commissioners (Details, page 37).....	53,000	53,000		
50	Administration, Operation and Maintenance including Canada's fee for membership in the International Association of Cereal Chemistry and authority to purchase screenings (Details, page 37).....	8,128,200	7,451,600	676,600	
51	Construction or Acquisition of Buildings, Works, Land and Equipment (Details, page 40).....	2,267,000	1,165,400	1,101,600	
		10,448,200	8,670,000	1,778,200	
	LAND REHABILITATION, IRRIGATION AND WATER STORAGE PROJECTS				
	Irrigation and Water Storage Projects in the Western Provinces including the South Saskatchewan River Project, the Prairie Farm Rehabilitation Act Program, Land Protection, Reclamation and Development—				
55	Administration, Operation and Maintenance including Canada's fee for membership in the International Commission on Irrigation and Drainage (Details, page 41).....	9,688,000	9,757,400		69,400
60	Construction or Acquisition of Buildings, Works, Land and Equipment (Details, page 43).....	14,645,000	22,961,000		8,316,000
		24,333,000	32,718,400		8,385,400
	CANADIAN DAIRY COMMISSION				
65	Administration, Operation and Maintenance (Details, page 44).....	208,700		208,700	

No. of Vote	Service	1967-68	1966-67	Change	
				Increase	Decrease
		\$	\$	\$	\$
70	FARM CREDIT CORPORATION				
	Estimated amount required to provide for the operating loss of the Farm Credit Corporation for the fiscal year ending March 31, 1968 (Details, page 44).....	3,900,000	.....	3,900,000	
	SUMMARY				
	To be voted.....	244,422,900	145,363,001	99,059,899	
	Authorized by Statute.....	5,070,000	70,000	5,000,000	
		249,492,900	145,433,001	104,059,899	

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		<b>Approximate Value of Major Services not included in these Estimates</b>		
		Accommodation (provided by the Department of Public Works).....	3,239,400	2,897,800
		Accommodation (in this Department's own buildings)...	3,898,900	3,339,100
		Accounting and cheque issue services (Comptroller of the Treasury).....	1,068,900	929,100
		Contributions to Superannuation Account (Treasury Board).....	4,696,800	3,259,000
		Contributions to Canada Pension Plan Account and Quebec Pension Plan Account (Treasury Board)	727,900	804,800
		Employee surgical-medical insurance premiums (Treasury Board).....	464,300	279,300
		Employee compensation payments (Department of Labour).....	148,400	102,500
		Carrying of franked mail (Post Office Department)....	273,500	267,200
			14,518,100	11,878,800
		<b>Statutory—Minister of Agriculture—Salary and Motor Car Allowance</b>		
		Salary.....(1)	15,000	15,000
		Motor Car Allowance.....(2)	2,000	2,000
			<b>17,000</b>	<b>17,000</b>
		<b>ADMINISTRATION</b>		
		<b>Vote 1—Departmental Administration including the Canadian Agricultural Services Co-ordinating Committee, contributions to the Commonwealth Agricultural Bureaux and a contribution to the Agricultural Economics Research Council in an amount equal to one-half the contributions to the Council from other sources during the fiscal year but not exceeding \$50,000</b>		
		DEPARTMENTAL ADMINISTRATION INCLUDING THE CANADIAN AGRICULTURAL SERVICES CO-ORDINATING COMMITTEE		
		Salaried Positions:		
		Executive, Scientific and Professional:		
		Deputy Minister (\$27,000)		
		Senior Officer 3 (\$20,500-\$24,750)		
		Senior Officer 2 (\$18,500-\$22,750)		
		Senior Officer 1 (\$16,500-\$20,500)		
		Personnel Administrator 9 (\$17,270-\$20,802)		
		(\$14,000-\$18,000)		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
		(\$16,000-\$18,000)		
		(\$14,000-\$16,000)		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
		(\$4,000-\$6,000)		



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		ADMINISTRATION (Continued)		
		Vote 1 (Continued)		
		DEPARTMENTAL ADMINISTRATION (Continued)		
		Salaried Positions: (Continued)		
		Technical, Operational and Service:		
	1	(\$12,000-\$14,000)		
	6	(\$10,000-\$12,000)		
1	15	(\$8,000-\$10,000)		
2	10	(\$6,000-\$8,000)		
4	24	(\$4,000-\$6,000)		
4	31	(Under \$4,000)		
		Administrative Support:		
4		(\$8,000-\$10,000)		
32	13	(\$6,000-\$8,000)		
172	88	(\$4,000-\$6,000)		
36	57	(Under \$4,000)		
417	336			
(417)	(336)	Continuing Establishment.....	2,760,000	2,117,700
(5)	(5)	Casuals and Others.....	18,000	14,500
(422)	(341)	Salaries and Wages (including \$270,200 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....(1)	2,778,000	2,132,200
		Overtime.....(1)	6,500	2,900
		Allowances.....(2)	11,500	1,000
		Professional and Special Services.....(4)	28,900	52,900
		Travelling and Removal Expenses.....(5)	105,000	71,600
		Expenses of Delegates to International Conferences.....(5)	56,000	39,000
		Freight, Express and Cartage.....(6)	8,000	5,800
		Postage.....(7)	4,800	4,500
		Telephones and Telegrams.....(8)	37,000	22,200
		Publication of Departmental Reports and Other Material.....(9)	5,500	5,500
		Office Stationery, Supplies, Equipment and Furnishings.....(11)	598,800	498,400
		Purchase of Books, Periodicals and Bindings.....(11)	79,500	73,600
		Expenses of Canadian Agricultural Services Coordinating Committee.....(22)	5,000	5,000
		Sundries.....(22)	7,900	5,800
			3,732,400	2,920,400
		Expenditure		
		1964-65.....\$ 1,424,089		
		1965-66.....2,029,471		
		1966-67 (estimated).....2,700,000		
		INFORMATION DIVISION		
		Salaried Positions:		
		Administrative and Foreign Service:		
1		(\$16,000-\$18,000)		
3	1	(\$14,000-\$16,000)		
	2	(\$12,000-\$14,000)		
5		(\$10,000-\$12,000)		
16	14	(\$8,000-\$10,000)		
	4	(\$6,000-\$8,000)		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		<b>ADMINISTRATION (Continued)</b>		
		<b>Vote 1 (Continued)</b>		
		Salaried Positions: (Continued)		
		Technical, Operational and Service:		
1		(\$12,000-\$14,000)		
	1	(\$10,000-\$12,000)		
2		(\$8,000-\$10,000)		
10	6	(\$6,000-\$8,000)		
7	7	(\$4,000-\$6,000)		
8	5	(Under \$4,000)		
		Administrative Support:		
3	1	(\$6,000-\$8,000)		
17	19	(\$4,000-\$6,000)		
2	10	(Under \$4,000)		
75	70			
(75)	(70)	Continuing Establishment.....	519,000	463,500
(2)	(1)	Casuals and Others.....	8,000	3,000
(77)	(71)	Salaries and Wages (including \$59,200 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....(1)	527,000	466,500
		Overtime.....(1)	1,900	2,500
		Professional and Special Services.....(4)	4,000	4,000
		Travelling and Removal Expenses.....(5)	17,600	17,600
		Freight, Express and Cartage.....(6)	5,500	5,000
		Postage.....(7)	5,500	5,500
		Telephones and Telegrams.....(8)	4,500	4,000
		Publication of Departmental Reports and Other Material.....(9)	148,000	140,200
		Films, Exhibits and Advertising.....(10)	257,000	178,900
		Office Stationery, Supplies, Equipment and Furnishings.....(11)	49,700	25,300
		Materials and Supplies.....(12)	20,400	12,000
		Acquisition of Equipment.....(16)	4,900	22,900
		Repairs and Upkeep of Equipment.....(17)	900	1,300
		Sundries.....(22)	12,400	1,200
			1,059,300	886,900
		<b>Expenditure</b>		
		1964-65.....\$ 832,378		
		1965-66.....684,815		
		1966-67 (estimated).....923,000		
		<b>CONTRIBUTIONS TO COMMONWEALTH AGRICULTURAL BUREAUX (£133,000).....(20)</b>	399,000	242,800
		<b>Expenditure</b>		
		1964-65.....\$ 219,936		
		1965-66.....243,238		
		1966-67 (estimated).....242,800		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		ADMINISTRATION (Continued)		
		<b>Vote 1 (Continued)</b>		
		ECONOMICS BRANCH INCLUDING A CONTRIBUTION TO THE AGRICULTURAL ECONOMICS RESEARCH COUNCIL IN AN AMOUNT EQUAL TO ONE-HALF THE CONTRIBUTIONS TO THE COUNCIL FROM OTHER SOURCES DURING THE FISCAL YEAR BUT NOT EXCEEDING \$50,000		
		Salaried Positions:		
	1	Executive, Scientific and Professional:		
		Senior Officer 2 (\$18,500-\$22,750)		
1		Senior Economist 2 (\$18,500-\$22,750)		
2		Senior Economist 1 (\$16,500-\$20,500)		
2		(\$16,000-\$18,000)		
16	2	(\$14,000-\$16,000)		
19	14	(\$12,000-\$14,000)		
	17	(\$10,000-\$12,000)		
35	16	(\$8,000-\$10,000)		
	26	(\$6,000-\$8,000)		
2	2	(Seasonal)		
		Administrative and Foreign Service:		
2		(\$8,000-\$10,000)		
	2	(\$6,000-\$8,000)		
		Technical, Operational and Service:		
6	1	(\$8,000-\$10,000)		
10	12	(\$6,000-\$8,000)		
2	4	(\$4,000-\$6,000)		
		Administrative Support:		
4	2	(\$6,000-\$8,000)		
39	25	(\$4,000-\$6,000)		
2	18	(Under \$4,000)		
142	142			
(141)	(141)	Continuing Establishment.....	1,095,900	1,009,600
(7)	(7)	Casuals and Others.....	26,200	23,100
(148)	(148)	Salaries and Wages (including \$118,100 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....(1)	1,122,100	1,032,700
		Overtime.....(1)	1,000	1,000
		Allowances.....(2)	9,200	3,000
		Professional and Special Services.....(4)	104,200	15,000
		Travelling and Removal Expenses.....(5)	51,500	51,500
		Freight, Express and Cartage.....(6)	400	400
		Postage.....(7)	200	100
		Telephones and Telegrams.....(8)	8,500	6,000
		Publication of Departmental Reports and Other Material.....(9)	41,700	27,700
		Office Stationery, Supplies, Equipment and Furnish- ings.....(11)	56,000	14,000
		Materials and Supplies.....(12)	1,900	1,900
		Acquisition of Equipment.....(16)	6,900	6,200
		Repairs and Upkeep of Equipment.....(17)	3,300	4,300
		Contribution to the Agricultural Economics Re- search Council.....(20)	50,000	20,000
		Sundries.....(22)	5,200	200
			1,462,100	1,184,000



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		ADMINISTRATION (Continued)		
		<b>Vote 1</b> (Continued)		
		ECONOMICS BRANCH (Continued)		
		Expenditure		
		1964-65.....	\$ 983,356	
		1965-66.....	979,176	
		1966-67 (estimated).....	1,075,800	
		<b>Total, Vote 1</b> .....	<b>6,652,800</b>	<b>5,234,100</b>
		Expenditure		
		1964-65.....	\$ 3,459,759	
		1965-66.....	3,936,700	
		1966-67 (estimated).....	4,941,600	
		RESEARCH		
		<b>Vote 5—Administration, Operation and Maintenance including Canada's fee for membership in the International Society for Horticultural Science, an amount of \$625,000 for grants in aid of agricultural research in universities and other scientific organizations in Canada and the costs of publishing departmental research papers as supplements to the "Canadian Entomologist"</b>		
		BRANCH ADMINISTRATION INCLUDING CANADA'S FEE FOR MEMBERSHIP IN THE INTERNATIONAL SOCIETY FOR HORTICULTURAL SCIENCE, AN AMOUNT OF \$625,000 FOR GRANTS IN AID OF AGRICULTURAL RESEARCH IN UNIVERSITIES AND OTHER SCIENTIFIC ORGANIZATIONS IN CANADA AND THE COSTS OF PUBLISHING DEPARTMENTAL RESEARCH PAPERS AS SUPPLEMENTS TO THE "CANADIAN ENTOMOLOGIST"		
		Salaried Positions:		
		Executive, Scientific and Professional:		
2	2	Senior Officer 2 (\$18,500-\$22,750)		
4	5	Senior Officer 1 (\$16,500-\$20,500)		
4	4	(\$18,000-\$20,000)		
8		(\$16,000-\$18,000)		
7	5	(\$14,000-\$16,000)		
2	10	(\$12,000-\$14,000)		
	3	(\$10,000-\$12,000)		
6	4	(\$8,000-\$10,000)		
	2	(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
1		(\$16,000-\$18,000)		
3	1	(\$12,000-\$14,000)		
	1	(\$10,000-\$12,000)		
8	3	(\$8,000-\$10,000)		
1	6	(\$6,000-\$8,000)		
		Technical, Operational and Service:		
1		(\$14,000-\$16,000)		
5	2	(\$12,000-\$14,000)		
1	7	(\$10,000-\$12,000)		
11	6	(\$8,000-\$10,000)		
28	24	(\$6,000-\$8,000)		
47	50	(\$4,000-\$6,000)		
12	15	(Under \$4,000)		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		RESEARCH (Continued)		
		Vote 5 (Continued)		
		BRANCH ADMINISTRATION (Continued)		
		Salaried Positions: (Continued)		
		Administrative Support:		
8	2	(\$6,000-\$8,000)		
78	68	(\$4,000-\$6,000)		
12	21	(Under \$4,000)		
		Prevailing Rate Positions:		
40	68	(Full Time)		
7	7	(Part Time)		
4	18	(Seasonal)		
300	334			
(295)	(323)			
(9)	(13)	Continuing Establishment.....	1,911,204	1,891,900
		Casuals and Others.....	41,896	48,800
(304)	(336)	Salaries and Wages (including \$159,700 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....	1,953,100	1,940,700
		Overtime.....(1)	13,600	14,500
		Allowances.....(2)	1,000	1,000
		Professional and Special Services.....(4)	80,000	65,500
		Travelling and Removal Expenses.....(5)	65,000	60,000
		Freight, Express and Cartage.....(6)	18,000	15,000
		Postage.....(7)	20,000	20,000
		Telephones and Telegrams.....(8)	18,000	17,000
		Publication of Departmental Reports and Other Material.....(9)	150,000	142,500
		Office Stationery, Supplies, Equipment and Furnishings.....(11)	40,000	32,000
		Materials and Supplies.....(12)	115,000	115,000
		Repairs and Upkeep of Buildings and Works.....(14)	45,000	40,000
		Repairs and Upkeep of Equipment.....(17)	53,000	47,200
		Rental of Equipment.....(18)	4,000	5,000
		Grants in Aid of Agricultural Research.....(20)	625,000	450,000
		Membership in the International Society for Horticultural Science.....(20)	400	400
		Unemployment Insurance Contributions.....(21)	200	200
		Sundries.....(22)	5,000	4,000
			3,206,300	2,970,000
		Expenditure		
		1964-65.....\$ 2,126,823		
		1965-66.....2,548,902		
		1966-67 (estimated).....2,800,000		
		INSTITUTES, STATIONS, FARMS, LABORATORIES AND SERVICES—OPERATION AND MAINTENANCE		
		Salaried Positions:		
		Executive, Scientific and Professional:		
21	6	(\$18,000-\$20,000)		
73		(\$16,000-\$18,000)		
506	15	(\$14,000-\$16,000)		
21	134	(\$12,000-\$14,000)		
143	251	(\$10,000-\$12,000)		
181	523	(\$8,000-\$10,000)		
2	18	(\$6,000-\$8,000)		
	1	(\$4,000-\$6,000)		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
RESEARCH (Continued)				
<b>Vote 5 (Continued)</b>				
INSTITUTES, STATIONS, FARMS, LABORATORIES AND SERVICES—OPERATION AND MAINTENANCE (Continued)				
Salaried Positions: (Continued)				
Administrative and Foreign Service:				
1		(\$10,000-\$12,000)		
21	4	(\$8,000-\$10,000)		
2	16	(\$6,000-\$8,000)		
Technical, Operational and Service:				
1		(\$14,000-\$16,000)		
3	1	(\$10,000-\$12,000)		
20	6	(\$8,000-\$10,000)		
429	173	(\$6,000-\$8,000)		
1,077	1,271	(\$4,000-\$6,000)		
15	13	(Under \$4,000)		
2	4	(Part Time)		
8	8	(Seasonal)		
Administrative Support:				
1		(\$8,000-\$10,000)		
32	10	(\$6,000-\$8,000)		
226	125	(\$4,000-\$6,000)		
23	132	(Under \$4,000)		
3	3	(Part Time)		
4	3	(Seasonal)		
Prevailing Rate Positions:				
539	515	(Full Time)		
2	5	(Part Time)		
370	354	(Seasonal)		
3,726	3,591			
(3,569)	(3,439)	Continuing Establishment.....	23,478,254	21,156,400
(222)	(212)	Casuals and Others.....	854,346	785,100
(3,791)	(3,651)			
Salaries and Wages (including \$2,638,500 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)				
		Overtime..... (1)	24,332,600	21,941,500
		Allowances..... (2)	272,500	220,000
		Professional and Special Services..... (4)	90,000	100,000
		Travelling and Removal Expenses..... (5)	350,000	320,000
		Freight, Express and Cartage..... (6)	610,000	560,000
		Telephones and Telegrams..... (8)	70,000	65,000
		Office Stationery, Supplies, Equipment and Furnish- ings..... (11)	142,000	115,000
		Materials and Supplies..... (12)	320,000	270,000
		Fuel for Heating..... (12)	1,510,000	1,450,000
		Feed for Livestock..... (12)	265,000	265,000
		Repairs and Upkeep of Buildings and Works..... (14)	860,000	760,000
		Rental of Land and Buildings..... (15)	475,000	460,000
		Repairs and Upkeep of Equipment..... (17)	90,000	90,000
		Rental of Equipment..... (18)	410,000	400,000
		Municipal or Public Utility Services..... (19)	73,000	67,000
		Unemployment Insurance Contributions..... (21)	706,200	655,000
		Sundries..... (22)	2,700	2,700
			60,500	60,500
			30,639,500	27,801,700
Expenditure Revenue				
		1964-65.....	\$ 22,856,106	\$1,203,775
		1965-66.....	25,062,901	1,205,915
		1966-67 (estimated).....	28,232,00	1,217,500
<b>Total, Vote 5.....</b>			<b>33,845,800</b>	<b>30,771,700</b>



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		RESEARCH (Continued)		
		<b>Vote 5 (Continued)</b>		
		Expenditure      Revenue		
		1964-65..... \$ 24,982,929 \$1,203,775		
		1965-66..... 27,611,804 1,205,915		
		1966-67 (estimated)..... 31,032,500 1,217,500		
		<b>Vote 10—Construction or Acquisition of Buildings, Works, Land and Equipment</b>		
		Construction or Acquisition of Buildings, Works and Land..... (13)	4,000,000	3,887,000
		Construction or Acquisition of Equipment..... (16)	2,000,000	1,500,000
			<b>6,000,000</b>	<b>5,387,000</b>
		Expenditure		
		1964-65..... \$ 3,855,129		
		1965-66..... 4,980,748		
		1966-67 (estimated)..... 4,300,000		
		PRODUCTION AND MARKETING		
		Administration		
		<b>Vote 15—Administration, Operation and Maintenance, including the administration of the Agricultural Stabilization Act and contributions to assist in the marketing of agricultural products, subject to the approval of Treasury Board</b>		
		BRANCH ADMINISTRATION INCLUDING CONTRIBUTIONS TO ASSIST IN THE MARKETING OF AGRICULTURAL PRODUCTS, SUBJECT TO THE APPROVAL OF TREASURY BOARD		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1	1	Senior Officer 2 (\$18,500-\$22,750)		
2		(\$14,000-\$16,000)		
1	3	(\$12,000-\$14,000)		
4	3	(\$10,000-\$12,000)		
24	7	(\$8,000-\$10,000)		
22	31	(\$6,000-\$8,000)		
	3	(\$4,000-\$6,000)		
		Administrative and Foreign Service:		
2		(\$14,000-\$16,000)		
1	1	(\$12,000-\$14,000)		
1	1	(\$10,000-\$12,000)		
7	5	(\$8,000-\$10,000)		
2	3	(\$6,000-\$8,000)		
		Technical, Operational and Service:		
	1	(\$8,000-\$10,000)		
47	10	(\$6,000-\$8,000)		
41	54	(\$4,000-\$6,000)		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Administration (Continued)		
		<b>Vote 15 (Continued)</b>		
		BRANCH ADMINISTRATION (Continued)		
		Salaried Positions: (Continued)		
		Administrative Support:		
13	4	(\$6,000-\$8,000)		
62	48	(\$4,000-\$6,000)		
11	30	(Under \$4,000)		
2	1	(Part Time)		
1	1	Prevailing Rate Positions: (Part Time)		
244	207	Continuing Establishment .....	1,463,700	1,209,200
(243)	(206)	Casuals and Others .....	5,300	5,100
(2)	(2)			
(245)	(208)	Salaries and Wages (including \$141,300 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	1,469,000	1,214,300
		Overtime..... (1)	2,000	1,700
		Allowances..... (2)	7,100	5,000
		Travelling and Removal Expenses..... (5)	169,000	161,000
		Freight, Express and Cartage..... (6)	1,500	1,500
		Postage..... (7)	1,200	800
		Telephones and Telegrams..... (8)	9,700	9,700
		Printing of Reports and Other Material..... (9)	27,500	51,400
		Office Stationery, Supplies, Equipment and Furnishings..... (11)	49,900	19,000
		Materials and Supplies..... (12)	7,900	7,500
		Acquisition of Equipment..... (16)	8,000	25,000
		Repairs and Upkeep of Equipment..... (17)	2,700	1,800
		Contributions to assist in the marketing of agricultural products..... (20)	20,000	20,000
		Sundries..... (22)	5,000	5,000
			1,780,500	1,523,700
		Expenditure		
		1964-65..... \$ 995,055		
		1965-66..... 1,188,934		
		1966-67 (estimated)..... 1,475,000		
		AGRICULTURAL STABILIZATION ACT ADMINISTRATION		
		Salaried Positions:		
		Administrative and Foreign Service:		
	2	(\$12,000-\$14,000)		
1		(\$10,000-\$12,000)		
1		(\$8,000-\$10,000)		
1	1	(\$6,000-\$8,000)		
		Administrative Support:		
	3	(\$4,000-\$6,000)		
6	6	Continuing Establishment .....	50,000	47,400
(6)	(6)	Casuals and Others .....	324,500	275,100
(106)	(84)			
(112)	(90)	Salaries and Wages (including \$50,500 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	374,500	322,500
		Overtime..... (1)	3,000	3,000

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Administration (Continued)		
		<b>Vote 15</b> (Continued)		
		AGRICULTURAL STABILIZATION ACT ADMINISTRATION (Continued)		
		Allowances.....(2)	100	100
		Travelling and Removal Expenses.....(5)	5,000	5,000
		Freight, Express and Cartage.....(6)	200	200
		Telephones and Telegrams.....(8)	2,100	2,100
		Office Stationery, Supplies, Equipment and Furnish- ings.....(11)	10,800	5,000
		Sundries, including Expenses of Advisory Committee(22)	9,000	9,000
			404,700	346,000
		Expenditure		
		1964-65.....\$ 378,665		
		1965-66.....377,845		
		1966-67 (estimated).....397,600		
		PRAIRIE FARM ASSISTANCE ACT ADMINISTRATION		
		Salaried Positions:		
		Administrative and Foreign Service:		
		(\$14,000-\$16,000)		
1		(\$12,000-\$14,000)		
1		(\$10,000-\$12,000)		
	2	(\$8,000-\$10,000)		
2	2	(\$6,000-\$8,000)		
15	2	Technical, Operational and Service:		
		(\$6,000-\$8,000)		
2	1	(\$4,000-\$6,000)		
2	18	Administrative Support:		
		(\$8,000-\$10,000)		
1		(\$6,000-\$8,000)		
2	1	(\$4,000-\$6,000)		
29	18	(Under \$4,000)		
3	14			
58	58	Continuing Establishment.....	351,000	372,000
(58)	(58)	Casuals and Others.....	326,000	314,500
(70)	(70)			
(128)	(128)	Salaries and Wages (including \$129,500 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....(1)	677,000	686,500
		Travelling and Removal Expenses.....(5)	250,500	244,500
		Freight, Express and Cartage.....(6)	1,000	1,000
		Postage.....(7)	6,000	6,000
		Telephones and Telegrams.....(8)	15,000	15,000
		Office Stationery, Supplies, Equipment and Fur- nishings.....(11)	20,000	20,000
		Materials and Supplies.....(12)	1,500	1,500
		Unemployment Insurance Contributions.....(21)	1,000	1,000
		Sundries.....(22)	4,000	4,000
			976,000	979,500



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Administration (Continued)		
		<b>Vote 15 (Continued)</b>		
		PRAIRIE FARM ASSISTANCE ACT ADMINISTRATION (Continued)		
		Expenditure		
		1964-65.....	\$ 1,106,224	
		1965-66.....	793,070	
		1966-67 (estimated).....	979,000	
		<b>Total, Vote 15.....</b>	<b>3,161,200</b>	<b>2,850,100</b>
		Expenditure		
		1964-65.....	\$ 2,479,944	
		1965-66.....	2,359,849	
		1966-67 (estimated).....	2,851,600	
		<b>Vote 17—Grants, Contributions and Subsidies as detailed in the Estimates</b>		
		ESTIMATED AMOUNT REQUIRED TO RECOUP THE AGRI- CULTURAL COMMODITIES STABILIZATION ACCOUNT TO COVER THE NET OPERATING LOSS OF THE AGRI- CULTURAL STABILIZATION BOARD AS AT MARCH 31, 1968..... (20)	100,000,000	
		Expenditure		
		1964-65.....	\$ 57,118,000	
		1965-66.....	39,407,119	
		1966-67 (estimated).....	89,967,000	
		ESTIMATED AMOUNT REQUIRED TO RECOUP THE AGRI- CULTURAL PRODUCTS BOARD ACCOUNT TO COVER THE NET OPERATING LOSS RECORDED IN THE ACCOUNT AS AT MARCH 31, 1968..... (20)	9,000,000	
		Expenditure		
		1964-65.....	\$ 300,000	
		1965-66.....	1,619,121	
		1966-67 (estimated).....	5,663,000	

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Administration (Continued)		
		<b>Vote 17 (Continued)</b>		
		ITEMS NOT REQUIRED FOR 1967-68		
		Subsidies for Cold Storage Warehouses under the Cold Storage Act.....		26,500
		Payments to eligible producers for manufactured milk and cream delivered to plants during the 1964-65 production year, payment to be made on the unit basis of one hundredweight of milk at the rate of		
		(a) 25c per hundredweight for amounts up to 47,999 pounds,		
		(b) 20c per hundredweight for amounts from 48,000 pounds up to 95,999 pounds, and		
		(c) 10c per hundredweight for amounts in excess of 95,999 pounds,		
		in accordance with terms and conditions prescribed by the Governor in Council.....		1,787,000
		(20).....		1,813,500
		<b>Total, Vote 17.....</b>	<b>109,000,000</b>	<b>1,813,500</b>
		Expenditure		
		1964-65..... \$ 57,862,887		
		1965-66..... 60,236,565		
		1966-67 (estimated)..... 96,345,500		
		<b>Statutory—Contributions to the Provinces under the Crop Insurance Act (Chap. 42 R.S., as amended)..... (20)</b>	<b>5,000,000</b>	
		Animal and Animal Products		
		<b>Vote 20—Administration, Operation and Maintenance, including Canada's fee for membership in the International Dairy Federation</b>		
		DAIRY PRODUCTS DIVISION—OPERATION AND MAINTENANCE INCLUDING CANADA'S FEE FOR MEMBERSHIP IN THE INTERNATIONAL DAIRY FEDERATION		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1		(\$16,000-\$18,000)		
2	1	(\$14,000-\$16,000)		
4	2	(\$12,000-\$14,000)		
12	7	(\$10,000-\$12,000)		
14	16	(\$8,000-\$10,000)		
	7	(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
3		(\$8,000-\$10,000)		
	2	(\$6,000-\$8,000)		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Animal and Animal Products (Continued)		
		<b>Vote 20</b> (Continued)		
		DAIRY PRODUCTS DIVISION—OPERATION AND MAINTENANCE (Continued)		
		Salaried Positions (Continued):		
		Technical, Operational and Service:		
	1	(\$8,000-\$10,000)		
37	4	(\$6,000-\$8,000)		
42	68	(\$4,000-\$6,000)		
4	4	(Under \$4,000)		
4		(Part Time)		
2	1	(Seasonal)		
		Administrative Support:		
2		(\$6,000-\$8,000)		
29	12	(\$4,000-\$6,000)		
11	29	(Under \$4,000)		
	2	(Seasonal)		
		Prevailing Rate Positions:		
2	2	(Full Time)		
169	158			
(166)	(157)	Continuing Establishment.....	961,900	895,200
(10)	(10)	Casuals and Others.....	25,000	25,000
(176)	(167)	Salaries and Wages (including \$112,600 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	986,900	920,200
		Overtime..... (1)	1,100	1,100
		Professional and Special Services..... (4)	4,000	4,000
		Travelling and Removal Expenses..... (5)	110,000	110,000
		Freight, Express and Cartage..... (6)	3,500	3,500
		Postage..... (7)	5,500	5,500
		Telephones and Telegrams..... (8)	10,300	10,300
		Publication of Reports and Other Material..... (9)	4,200	2,500
		Office Stationery, Supplies, Equipment and Furnish- ings..... (11)	21,800	12,000
		Materials and Supplies..... (12)	18,000	18,000
		Acquisition of Equipment..... (16)	16,000	18,000
		Repairs and Upkeep of Equipment..... (17)	7,000	7,000
		Membership in the International Dairy Federation. (20)	1,600	2,400
		Unemployment Insurance Contributions..... (21)	500	500
		Sundries..... (22)	3,000	3,000
			1,193,400	1,118,000
		Expenditure		
		1964-65..... \$ 950,640		
		1965-66..... 980,040		
		1966-67 (estimated)..... 1,115,600		



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Animal and Animal Products (Continued)		
		<b>Vote 20 (Continued)</b>		
		LIVESTOCK DIVISION—OPERATION AND MAINTENANCE INCLUDING CONTRIBUTIONS FOR LIVESTOCK IMPROVEMENT; STOCKYARD SUPERVISION AND FURS		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1		(\$16,000-\$18,000)		
3	1	(\$14,000-\$16,000)		
10	3	(\$12,000-\$14,000)		
17	14	(\$10,000-\$12,000)		
72	26	(\$8,000-\$10,000)		
1	58	(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
1		(\$12,000-\$14,000)		
1	1	(\$8,000-\$10,000)		
		Technical, Operational and Service:		
	1	(\$10,000-\$12,000)		
27	9	(\$6,000-\$8,000)		
266	280	(\$4,000-\$6,000)		
	2	(Under \$4,000)		
1	1	(Seasonal)		
		Administrative Support:		
5	1	(\$6,000-\$8,000)		
66	39	(\$4,000-\$6,000)		
25	54	(Under \$4,000)		
		Prevailing Rate Positions:		
12	11	(Full Time)		
508	501	Continuing Establishment.....	2,859,000	2,708,390
(507)	(501)	Casuals and Others.....	30,000	23,710
(7)	(6)			
(514)	(507)	Salaries and Wages (including \$209,100 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....(1)	2,889,000	2,732,100
		Overtime.....(1)	18,000	11,700
		Professional and Special Services.....(4)	17,400	17,400
		Travelling and Removal Expenses.....(5)	245,400	240,400
		Freight, Express and Cartage.....(6)	8,000	10,200
		Postage.....(7)	6,100	6,100
		Telephones and Telegrams.....(8)	22,000	23,100
		Publication of Reports and Other Material.....(9)	7,200	6,000
		Office Stationery, Supplies, Equipment and Furnishings.....(11)	55,000	38,000
		Printing of Premium Warrants for high grade hog carcasses and for high grade lamb carcasses.....(11)	59,800	46,800
		Materials and Supplies.....(12)	40,600	40,600
		Construction or Acquisition of Buildings and Works.....(13)		15,000
		Repairs and Upkeep of Buildings and Works.....(14)	10,000	10,000
		Acquisition of Equipment.....(16)	34,000	28,000
		Purchase of Livestock.....(16)	61,000	131,000
		Repairs and Upkeep of Equipment.....(17)	14,000	14,000
		Contributions for Livestock Improvement.....(20)	17,000	21,000
		Unemployment Insurance Contributions.....(21)	300	300
		Sundries.....(22)	18,500	18,700
			3,523,300	3,410,400

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Animal and Animal Products (Continued)		
		Vote 20 (Continued)		
		LIVESTOCK DIVISION—OPERATION AND MAINTENANCE (Continued)		
		Expenditure Revenue		
		1964-65..... \$ 2,959,380 \$ 188,371		
		1965-66..... 3,091,105 286,500		
		1966-67 (estimated)..... 3,340,000 300,000		
		LIVESTOCK DIVISION—SUPERVISION OF RACE TRACK BETTING		
		Salaried Positions:		
		Administrative and Foreign Service:		
		(1) (\$14,000-\$16,000)		
1		(3) (\$10,000-\$12,000)		
3		(1) (\$8,000-\$10,000)		
1	3	Technical, Operational and Service:		
		(1) (\$12,000-\$14,000)		
	1	Administrative Support:		
		(1) (\$6,000-\$8,000)		
1		(8) (\$4,000-\$6,000)		
11	8	(3) (Under \$4,000)		
1	3			
18	15	Salaries (including \$12,600 allotted during 1966-67 from the Finance Contingencies Vote for in- creases in rates of pay)..... (1)	107,000	87,900
(18)	(15)	Overtime..... (1)		1,500
		Professional and Special Services..... (4)	1,491,000	1,238,000
		Travelling and Removal Expenses..... (5)	12,000	12,000
		Freight, Express and Cartage..... (6)	500	500
		Postage..... (7)	500	500
		Telephones and Telegrams..... (8)	2,000	3,000
		Office Stationery, Supplies, Equipment and Furnish- ings..... (11)	10,000	5,000
		Acquisition of Equipment..... (16)	200	500
		Sundries..... (22)	200	300
			1,623,400	1,349,200
		Expenditure Revenue		
		1964-65..... \$ 1,046,251 \$ 1,272,592		
		1965-66..... 1,259,657 1,524,676		
		1966-67 (estimated)..... 1,522,800 1,780,000		
		POULTRY DIVISION—OPERATION AND MAINTENANCE		
		Salaried Positions:		
		Executive, Scientific and Professional:		
		(1) (\$16,000-\$18,000)		
1		(3) (\$14,000-\$16,000)		
3	1	(3) (\$12,000-\$14,000)		
6	3	(11) (\$10,000-\$12,000)		
13	11	(21) (\$8,000-\$10,000)		
41	21	(1) (\$6,000-\$8,000)		
1	29	Administrative and Foreign Service:		
		(1) (\$8,000-\$10,000)		
1	1	(1) (\$6,000-\$8,000)		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Animal and Animal Products (Continued)		
		<b>Vote 20 (Continued)</b>		
		POULTRY DIVISION—OPERATION AND MAINTENANCE (Continued)		
		Salaried Positions: (Continued)		
		Technical, Operational and Service:		
36	1	(\$6,000-\$8,000)		
51	84	(\$4,000-\$6,000)		
		Administrative Support:		
2		(\$6,000-\$8,000)		
35	18	(\$4,000-\$6,000)		
	17	(Under \$4,000)		
190	186			
(190)	(186)	Continuing Establishment.....	1,280,500	1,222,400
(2)	(2)	Casuals and Others.....	7,000	7,000
(192)	(188)	Salaries and Wages (including \$173,400 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	1,287,500	1,229,400
		Overtime..... (1)	2,500	2,000
		Professional and Special Services..... (4)	8,000	8,000
		Travelling and Removal Expenses..... (5)	175,000	177,000
		Freight, Express and Cartage..... (6)	3,000	3,000
		Postage..... (7)	3,700	3,500
		Telephones and Telegrams..... (8)	18,000	18,000
		Publication of Reports and Other Material..... (9)	24,000	25,600
		Office Stationery, Supplies, Equipment and Fur- nishings..... (11)	21,100	12,000
		Materials and Supplies..... (12)	24,000	18,500
		Repairs and Upkeep of Buildings and Works..... (14)	2,400	500
		Acquisition of Equipment..... (16)	26,500	20,500
		Repairs and Upkeep of Equipment..... (17)	10,500	10,500
		Sundries..... (22)	4,000	4,000
			1,610,200	1,532,500
		Expenditure		
		1964-65..... \$ 1,302,006		
		1965-66..... 1,354,705		
		1966-67 (estimated)..... 1,523,400		
		<b>Total, Vote 20.....</b>	<b>7,950,300</b>	<b>7,410,100</b>
		Expenditure Revenue		
		1964-65..... \$ 6,258,277 \$1,460,963		
		1965-66..... 6,685,507 1,811,176		
		1966-67 (estimated)..... 7,501,800 2,080,000		



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Animal and Animal Products (Continued)		
		<b>Vote 25—Grants, Contributions and Subsidies in the amounts and subject to the terms specified in the sub-vote titles listed in the Details of Estimates</b>		
		DAIRY PRODUCTS DIVISION—GRANTS AND OTHER ASSISTANCE IN ACCORDANCE WITH THE CHEESE AND CHEESE FACTORY IMPROVEMENT ACT		
		Subsidies for construction and reconstruction of cheese factories, improving cheese maturing facilities in cheese factories and the standardization of cheese pressing equipment.....(20)	107,000	79,000
		Premiums on high quality cheese.....(20)	1,642,000	1,600,000
			1,749,000	1,679,000
		Expenditure		
		1964-65.....\$ 1,509,247		
		1965-66.....1,711,564		
		1966-67 (estimated).....1,679,000		
		LIVESTOCK DIVISION—GRANTS TO AGRICULTURAL FAIRS, EXHIBITIONS AND MUSEUMS IN ACCORDANCE WITH REGULATIONS OF THE GOVERNOR IN COUNCIL; PAYMENTS PURSUANT TO AGREEMENTS IN FORCE ON MARCH 31, 1967, WITH EXHIBITIONS COVERING THE CONSTRUCTION OF BUILDINGS AND OTHER MAJOR UNDERTAKINGS; AND A GRANT OF \$50,000 TO THE ROYAL AGRICULTURAL WINTER FAIR, TORONTO, AND FREIGHT ASSISTANCE ON LIVESTOCK SHIPMENTS FOR EXHIBITION THEREAT		
		Grants to Class "A" and Class "B" Fairs.....	1,100,000	1,100,000
		Grants to Winter and Spring Fairs.....	170,000	150,000
		Grants to Special Fairs.....	37,000	37,000
		Grants to Agricultural Museums.....	12,000	12,000
		General—		
		Freight on Livestock Shipments to and from the Royal Agricultural Winter Fair, Toronto.....	30,000	30,000
		Building Grants—		
		Grants to Agricultural Fairs, Exhibitions and Museums for construction of buildings and other major undertakings.....	14,000	14,000
		(20)	1,363,000	1,343,000
		Expenditure		
		1964-65.....\$ 636,654		
		1965-66.....963,061		
		1966-67 (estimated).....1,200,000		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Animal and Animal Products (Continued)		
		<b>Vote 25 (Continued)</b>		
		LIVESTOCK DIVISION—GRANTS TO AGRICULTURAL ORGANIZATIONS AS DETAILED IN THE ESTIMATES		
		Canadian Seed Growers' Association.....	44,000	44,000
		Canadian Horticultural Council.....	8,400	8,400
		4-H Clubs organized in co-operation with Canadian Council on 4-H Clubs.....	145,200	143,000
		Canadian Council on 4-H Clubs.....	23,000	21,000
		Advanced Registry Board for Dairy Bulls.....	4,500	4,500
		Canadian National Livestock Records.....	50,000	50,000
		Canadian Hunter, Saddle and Light Horse Improvement Society.....	5,000	5,000
		British Columbia Beef Cattle Growers' Association....	900	900
		Canadian Council of Plowing Associations.....	5,000	5,000
		Federated Women's Institutes of Canada.....	10,000	10,000
		(20)	296,000	291,800
		Expenditure		
		1964-65..... \$ 276,927		
		1965-66..... 282,607		
		1966-67 (estimated)..... 288,000		
		LIVESTOCK DIVISION—PREMIUM WARRANTS FOR HIGH GRADE HOG CARCASSES AND FOR HIGH GRADE LAMB CARCASSES SUBJECT TO THE TERMS SPECIFIED IN AGRICULTURE VOTE 25 APPROPRIATION ACT NO. 10, 1964		
		Quality Premiums on High Grade Hog and Lamb Carcasses..... (20)	9,514,200	9,868,300
		Expenditure		
		1964-65..... \$ 8,831,256		
		1965-66..... 8,649,601		
		1966-67 (estimated)..... 9,100,000		
		<b>Total, Vote 25.....</b>	<b>12,922,200</b>	<b>13,182,100</b>
		Expenditure		
		1964-65..... \$ 11,254,084		
		1965-66..... 11,606,833		
		1966-67 (estimated)..... 12,267,000		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Plant and Plant Products		
		<b>Vote 30—Administration, Operation and Maintenance</b>		
		FRUIT AND VEGETABLE DIVISION INCLUDING MAPLE PRODUCTS AND HONEY—OPERATION AND MAINTENANCE		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1		(\$16,000–\$18,000)		
3	1	(\$14,000–\$16,000)		
4	3	(\$12,000–\$14,000)		
10	9	(\$10,000–\$12,000)		
31	20	(\$8,000–\$10,000)		
	17	(\$6,000–\$8,000)		
		Administrative and Foreign Service:		
1		(\$8,000–\$10,000)		
	1	(\$6,000–\$8,000)		
		Technical, Operational and Service:		
45	15	(\$6,000–\$8,000)		
128	142	(\$4,000–\$6,000)		
132	136	(Seasonal)		
		Administrative Support:		
4		(\$6,000–\$8,000)		
46	17	(\$4,000–\$6,000)		
9	42	(Under \$4,000)		
1	1	(Seasonal)		
415	404	Continuing Establishment.....	2,143,700	2,022,100
(393)	(381)	Casuals and Others.....	17,500	17,500
(5)	(5)			
(398)	(386)	Salaries and Wages (including \$276,100 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	2,161,200	2,039,600
		Overtime..... (1)	111,800	111,800
		Professional and Special Services..... (4)	4,000	4,000
		Travelling and Removal Expenses..... (5)	187,000	175,000
		Freight, Express and Cartage..... (6)	3,000	3,000
		Postage..... (7)	4,500	4,500
		Telephones and Telegrams..... (8)	20,000	20,000
		Publication of Reports and Other Material..... (9)	40,400	40,400
		Office Stationery, Supplies, Equipment and Furnishings..... (11)	28,300	15,000
		Materials and Supplies..... (12)	4,500	4,500
		Repairs and Upkeep of Buildings and Works..... (14)	500	500
		Acquisition of Equipment..... (16)	24,000	24,000
		Repairs and Upkeep of Equipment..... (17)	14,000	14,000
		Municipal or Public Utility Services..... (19)	500	500
		Unemployment Insurance Contributions..... (21)	300	300
		Sundries..... (22)	3,000	3,000
			2,607,000	2,460,100
		Expenditure Revenue		
		1964-65..... \$ 2,054,452 \$ 326,927		
		1965-66..... 2,156,432 340,803		
		1966-67 (estimated)..... 2,460,100 413,000		



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Plant and Plant Products (Continued)		
		<b>Vote 30 (Continued)</b>		
		PLANT PRODUCTS DIVISION—OPERATION AND MAINTENANCE INCLUDING SEEDS, FEEDS, FERTILIZERS, INSECTICIDES AND FUNGICIDES CONTROL		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1		(\$16,000-\$18,000)		
3	1	(\$14,000-\$16,000)		
11	3	(\$12,000-\$14,000)		
20	16	(\$10,000-\$12,000)		
67	34	(\$8,000-\$10,000)		
	43	(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
1		(\$8,000-\$10,000)		
1	1	(\$6,000-\$8,000)		
		Technical, Operational and Service:		
1		(\$14,000-\$16,000)		
	1	(\$12,000-\$14,000)		
1		(\$8,000-\$10,000)		
44	41	(\$6,000-\$8,000)		
141	139	(\$4,000-\$6,000)		
1	1	(Under \$4,000)		
9	8	(Seasonal)		
		Administrative Support:		
5		(\$6,000-\$8,000)		
60	24	(\$4,000-\$6,000)		
12	53	(Under \$4,000)		
2	2	(Seasonal)		
5	4	Prevailing Rate Positions:		
		(Full Time)		
385	371	Continuing Establishment.....	2,174,200	2,009,600
(380)	(366)	Casuals and Others.....	59,800	50,000
(16)	(13)			
(396)	(379)	Salaries and Wages (including \$198,600 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	2,234,000	2,059,600
		Overtime..... (1)	2,300	2,300
		Professional and Special Services..... (4)	52,500	27,500
		Travelling and Removal Expenses..... (5)	135,000	129,800
		Freight, Express and Cartage..... (6)	6,000	7,000
		Postage..... (6)	6,500	6,500
		Telephones and Telegrams..... (8)	15,800	14,100
		Publication of Reports and Other Material..... (9)	8,500	2,500
		Office Stationery, Supplies, Equipment and Furnishings..... (11)	59,900	49,600
		Materials and Supplies..... (12)	57,500	54,500
		Acquisition of Equipment..... (16)	82,700	70,000
		Repairs and Upkeep of Equipment..... (17)	20,000	26,700
		Municipal or Public Utility Services..... (19)	.....	10
		Unemployment Insurance Contributions..... (21)	500	500
		Sundries..... (22)	5,400	5,200
			2,686,600	2,455,900
		Expenditure Revenue		
		1964-65..... \$ 2,116,202 \$ 291,289		
		1965-66..... 2,324,557 310,218		
		1966-67 (estimated)..... 2,455,900 293,000		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Plant and Plant Products (Continued)		
		<b>Vote 30</b> (Continued)		
		PLANT PROTECTION DIVISION—OPERATION AND MAINTENANCE		
		Salaried Positions:		
		Executive, Scientific and Professional:		
		(16,000-\$18,000)		
1		(14,000-\$16,000)		
3	1	(12,000-\$14,000)		
8	3	(10,000-\$12,000)		
11	9	(8,000-\$10,000)		
92	46	(6,000-\$8,000)		
	57	Administrative and Foreign Service:		
		(8,000-\$10,000)		
1	1	(6,000-\$8,000)		
		Technical, Operational and Service:		
15	1	(6,000-\$8,000)		
71	58	(4,000-\$6,000)		
	6	(Seasonal)		
		Administrative Support:		
5		(6,000-\$8,000)		
39	19	(4,000-\$6,000)		
4	27	(Under \$4,000)		
250	228	Continuing Establishment.....	1,697,300	1,518,000
(250)	(225)	Casuals and Others.....	55,700	22,000
(13)	(6)			
(263)	(231)	Salaries and Wages (including \$243,000 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....(1)	1,753,000	1,540,000
		Overtime.....(1)	14,000	12,000
		Professional and Special Services.....(4)	20,000	20,000
		Travelling and Removal Expenses.....(5)	162,000	176,000
		Freight, Express and Cartage.....(6)	2,400	1,400
		Postage.....(7)	2,000	2,000
		Telephones and Telegrams.....(8)	13,400	12,600
		Publication of Reports and Other Material.....(9)	2,300	900
		Office Stationery, Supplies, Equipment and Furnish- ings.....(11)	42,000	28,000
		Materials and Supplies.....(12)	74,000	180,000
		Construction or Acquisition of Buildings, Works and Land.....(13)	545,000	470,000
		Repairs and Upkeep of Buildings and Works.....(14)	2,500	2,500
		Rental of Buildings and Land.....(15)	264,300	264,300
		Acquisition of Equipment.....(16)	39,000	43,000
		Repairs and Upkeep of Equipment.....(17)	16,500	16,000
		Rental of Equipment.....(18)	18,500	28,000
		Municipal or Public Utility Services.....(19)	5,000	5,000
		Unemployment Insurance Contributions.....(21)	200	400
		Sundries.....(22)	2,200	1,400
			2,978,300	2,803,500

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Plant and Plant Products (Continued)		
		<b>Vote 30 (Continued)</b>		
		PLANT PROTECTION DIVISION—OPERATION AND MAINTENANCE (Continued)		
		Expenditure		
		1964-65.....	\$ 1,397,370	
		1965-66.....	1,725,911	
		1966-67 (estimated).....	2,627,000	
		<b>Total, Vote 30</b> .....	<b>8,271,900</b>	<b>7,719,500</b>
		Expenditure Revenue		
		1964-65.....	\$ 5,568,024 \$ 618,216	
		1965-66.....	6,206,900 651,021	
		1966-67 (estimated).....	7,543,000 706,000	
		<b>Vote 35—Grants, Contributions and Subsidies as detailed in the Estimates</b>		
		PLANT PRODUCTS DIVISION—CONTRIBUTION TO BRITISH COLUMBIA, IN ACCORDANCE WITH TERMS AND CON- DITIONS PRESCRIBED BY THE MINISTER OF AGRICUL- TURE, OF ONE-HALF OF THE AGGREGATE OF AMOUNTS PAID BY THE PROVINCE TO ELIGIBLE TREE FRUIT AND GRAPE PRODUCERS, OR IN RESPECT OF SUCH PRO- DUCERS, AS A RESULT OF VINE, FRUIT TREE AND CROP LOSSES INCURRED BY SUCH PRODUCERS DURING THE PERIOD DECEMBER 1, 1964 TO NOVEMBER 30, 1965; AND TO AUTHORIZE, IN ACCORDANCE WITH TERMS AND CONDITIONS PRESCRIBED BY THE MIN- ISTER OF AGRICULTURE, A CONTRIBUTION TO THE PROVINCE IN RESPECT OF THE ADMINISTRATIVE COSTS INCURRED IN MAKING SUCH PAYMENTS TO PRODUCERS..... (20)	100,000	1,000,000
		Expenditure		
		1964-65.....	\$ 1,000,000	
		1965-66.....	1,436,100	
		1966-67 (estimated).....		
		PLANT PROTECTION DIVISION—CONTRIBUTIONS TO THE PROVINCES OF ONTARIO AND QUEBEC IN ACCORDANCE WITH TERMS AND CONDITIONS PRESCRIBED BY THE GOVERNOR IN COUNCIL OF ONE-HALF THE AMOUNTS PAID BY THE PROVINCES FOR BARBERRY ERADICA- TION..... (20)	120,000	175,000
		Expenditure		
		1964-65.....	\$ 91,929	
		1965-66.....	98,953	
		1966-67 (estimated).....	115,000	



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		PRODUCTION AND MARKETING (Continued)		
		Plant and Plant Products (Continued)		
		<b>Vote 35</b> (Continued)		
		PLANT PROTECTION DIVISION—COMPENSATION, PURSUANT TO THE DESTRUCTIVE INSECT AND PEST ACT, IN RESPECT OF ANY CROP DESTROYED IN ACCORDANCE WITH THAT ACT..... (20)	32,000	140,000
		Expenditure		
		1964-65..... \$.....		
		1965-66..... 180,227		
		1966-67 (estimated)..... 227,000		
		PLANT PROTECTION DIVISION—NOTWITHSTANDING THE DESTRUCTIVE INSECT AND PEST ACT, TO PAY ADDITIONAL COMPENSATION TO OWNERS OF ANY CROP DESTROYED DURING THE FISCAL YEARS 1965-66 AND 1966-67 UNDER THE AUTHORITY OF THAT ACT TO COMEAT THE GOLDEN NEMATODE ON THE BASIS OF 50 PER CENT OF THE AMOUNTS PAID OR PAYABLE UNDER THAT ACT..... (20)	16,000	157,000
		Expenditure		
		1964-65..... \$.....		
		1965-66.....		
		1966-67 (estimated)..... 204,000		
		ITEMS NOT REQUIRED FOR 1967-68		
		Plant Protection Division—Compensation, as approved by the Governor in Council, to growers for the amounts determined by the Minister of Agriculture to be the losses incurred in the marketing of nursery stock and potatoes as a result of actions taken under the Destructive Insect and Pest Act to combat the Golden Nematode.....		148,000
		Plant Products Division—Payments, in accordance with terms and conditions prescribed by the Minister of Agriculture, to eligible producers in Lake St. John and Abitibi-Temiskaming Regions of Quebec, in respect of the aggregate loss of agricultural income suffered by all producers in each such region during the period July 1, 1964 to June 30, 1965, total payments to all such eligible producers not to exceed the lesser of \$1 million or one-half the amount required to bring the aggregate of the agricultural income of each such region in the aforementioned period up to 66% of the aggregate of the agricultural income of each such region in the twelve-month period commencing July 1, 1963 and ending June 30, 1964.....		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		<b>PRODUCTION AND MARKETING (Continued)</b>		
		Plant and Plant Products (Continued)		
		<b>Vote 35 (Continued)</b>		
		ITEMS NOT REQUIRED FOR 1967-68 (Continued)		
		Fruit and Vegetable Division—Assistance in construction of Potato Warehouses under terms and conditions approved by the Governor in Council.....		19,100
		Plant Products Division—Agricultural Lime Assistance.....		1,608,900
		Plant Products Division—Contributions to Ontario, Quebec and New Brunswick, in accordance with terms and conditions prescribed by the Minister of Agriculture, of one-half of the aggregate of amounts paid by each such province in assisting eligible live-stock producers, who were affected by adverse weather conditions, to obtain feed during the period May 16, 1965 to May 31, 1966.....		9,164,000
		Plant Products Division—Contributions to Quebec and Prince Edward Island in accordance with terms and conditions prescribed by the Minister of Agriculture of one-half of the aggregate amounts paid by each such province in assisting eligible agricultural producers who were affected by adverse weather conditions in 1965.....		1,150,000
		(20)		12,090,001
		<b>Total, Vote 35.....</b>	<b>268,000</b>	<b>13,562,001</b>
		Expenditure		
		1964-65..... \$ 2,179,060		
		1965-66..... 10,208,916		
		1966-67 (estimated)..... 12,733,800		
		<b>HEALTH OF ANIMALS</b>		
		<b>Vote 40—Administration, Operation and Maintenance, including Canada's fee for membership in the Office International des Epizooties, and authority, notwithstanding the Financial Administration Act, to spend revenue received during the year from packers requiring special services</b>		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1	1	Senior Officer 2 (\$18,500-\$22,750)		
1		(\$18,000-\$20,000)		
8		(\$16,000-\$18,000)		
31	3	(\$14,000-\$16,000)		
17	22	(\$12,000-\$14,000)		
324	68	(\$10,000-\$12,000)		
211	486	(\$8,000-\$10,000)		
1	4	(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
1		(\$10,000-\$12,000)		
9	2	(\$8,000-\$10,000)		
2	8	(\$6,000-\$8,000)		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
HEALTH OF ANIMALS (Continued)				
<b>Vote 40 (Continued)</b>				
Salaried Positions: (Continued)				
Technical, Operational and Service:				
109	7	(\$6,000-\$8,000)		
885	856	(\$4,000-\$6,000)		
12	15	(Under \$4,000)		
4	4	(Part Time)		
1	1	(Seasonal)		
Administrative Support:				
3	1	(\$6,000-\$8,000)		
165	51	(\$4,000-\$6,000)		
22	128	(Under \$4,000)		
43	41	(Part Time)		
Prevailing Rate Positions:				
49	51	(Full Time)		
2	2	(Part Time)		
38	38	(Seasonal)		
1,939	1,789	Continuing Establishment.....	12,502,000	11,298,600
(1,904)	(1,755)	Casuals and Others.....	170,000	117,000
(41)	(41)			
(1,945)	(1,796)	Salaries and Wages (including \$1,237,600 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	12,672,000	11,415,600
		Overtime..... (1)	980,000	775,000
		Allowances..... (2)	11,500	11,000
		Professional and Special Services..... (4)	700,000	843,000
		Travelling and Removal Expenses..... (5)	867,200	800,000
		Freight, Express and Cartage..... (6)	66,000	64,000
		Postage..... (7)	34,000	34,000
		Telephones and Telegrams..... (8)	79,400	70,000
		Publication of Reports and Other Material..... (9)	8,200	7,600
		Office Stationery, Supplies, Equipment and Furnishings..... (11)	115,000	100,000
		Materials and Supplies..... (12)	417,000	367,400
		Vaccine for Control of Brucellosis..... (12)	215,000	280,000
		Construction or Acquisition of Buildings, Works and Land..... (13)	145,000	390,000
		Repairs and Upkeep of Buildings and Works..... (14)	95,000	62,400
		Rental of Land, Buildings and Structures..... (15)	9,500	8,000
		Acquisition of Equipment..... (16)	310,000	260,000
		Repairs and Upkeep of Equipment..... (17)	100,000	80,000
		Municipal or Public Utility Services..... (19)	14,300	14,000
		Membership in the Office International des Epizooties..... (20)	5,600	5,600
		Unemployment Insurance Contributions..... (21)	3,300	3,300
		Sundries..... (22)	124,800	100,000
			16,972,800	15,690,900
		Less—Amount recoverable from packers requiring special services..... (34)	840,000	642,000
			<b>16,132,800</b>	<b>15,048,900</b>
Expenditure				
1964-65.....			\$ 12,035,103	
1965-66.....			13,864,593	
1966-67 (estimated).....			15,196,900	



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		HEALTH OF ANIMALS (Continued)		
		<b>Vote 45—Grants, Contributions and Subsidies as detailed in the Estimates</b>		
		HEALTH OF ANIMALS—COMPENSATION FOR ANIMALS SLAUGHTERED..... (20)	600,000	686,600
		Expenditure		
		1964-65..... \$ 1,436,321		
		1965-66..... 995,464		
		1966-67 (estimated)..... 686,600		
		HEALTH OF ANIMALS—CONTRIBUTIONS TO THE PROVINCES, IN ACCORDANCE WITH REGULATIONS OF THE GOVERNOR IN COUNCIL, OF AMOUNTS NOT EXCEEDING TWO-FIFTHS OF THE AMOUNTS PAID BY THE PROVINCES TO OWNERS OF ANIMALS THAT HAVE DIED AS A RESULT OF RABIES..... (20)	21,000	35,000
		Expenditure		
		1964-65..... \$ 18,990		
		1965-66..... 45,500		
		1966-67 (estimated)..... 35,000		
		HEALTH OF ANIMALS—CONTRIBUTION TOWARDS THE COST OF CONSTRUCTING AND EQUIPPING A VETERINARY COLLEGE AT THE UNIVERSITY OF SASKATCHEWAN, SASKATOON..... (20)	750,000	325,000
		Expenditure		
		1964-65..... \$.....		
		1965-66..... 80,341		
		1966-67 (estimated)..... 458,000		
		HEALTH OF ANIMALS—PAYMENT OF COMPENSATION AT THE RATES DETERMINED IN THE MANNER PROVIDED BY SECTION 12 OF THE ANIMAL CONTAGIOUS DISEASES ACT, TO OWNERS OF ANIMALS AFFECTED WITH DISEASES COMING UNDER THAT ACT, THAT HAVE DIED OR HAVE BEEN SLAUGHTERED IN CIRCUMSTANCES NOT COVERED BY THE ACT AND REGULATIONS MADE THEREUNDER..... (20)	8,000	
		Expenditure		
		1964-65..... \$ 12,311		
		1965-66..... 3,743		
		1966-67 (estimated)..... 8,000		
		HEALTH OF ANIMALS—PAYMENT OF INDEMNITY, UNDER TERMS AND CONDITIONS APPROVED BY THE GOVERNOR IN COUNCIL, TO OWNERS OF ANIMALS THAT HAVE DIED AS A RESULT OF ANTHRAX..... (20)	2,000	2,000

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		HEALTH OF ANIMALS (Continued)		
		Vote 45 (Continued)		
		HEALTH OF ANIMALS—PAYMENT OF INDEMNITY (Continued)		
		Expenditure		
		1964-65.....	\$	1,467,622
		1965-66.....		4,955
		1966-67 (estimated).....		2,000
		Total, Vote 45.....	1,381,000	1,948,600
		Expenditure		
		1964-65.....	\$	1,467,622
		1965-66.....		1,130,003
		1966-67 (estimated).....		1,189,600
		BOARD OF GRAIN COMMISSIONERS		
		Statutory—Salaries of the Commissioners (Chap. 25, R.S., as amended)		
1	1	Chief Commissioner (\$19,000)		
2	2	Commissioner (\$17,000)		
3	3			
(3)	(3)	Salaries.....(1)	53,000	53,000
		Vote 50—Administration, Operation and Main- tenance including Canada's fee for membership in the International Association of Cereal Chemistry and authority to purchase screenings		
		ADMINISTRATION		
		Salaried Positions:		
		Executive, Scientific and Professional:		
		Senior Officer 1 (\$16,500-\$20,500)		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		Administrative and Foreign Service:		
		(\$16,000-\$18,000)		
		(\$14,000-\$16,000)		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
		Technical, Operational and Service:		
		(\$4,000-\$6,000)		
		Administrative Support:		
		(\$6,000-\$8,000)		
		(\$4,000-\$6,000)		
		(Under \$4,000)		
27	27			
(27)	(27)	Salaries (including \$19,900 allotted during 1966-67 from the Finance Contingencies Vote for in- creases in rates of pay).....(1)	225,700	212,900
		Professional and Special Services.....(4)	800	800

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		BOARD OF GRAIN COMMISSIONERS (Continued)		
		<b>Vote 50 (Continued)</b>		
		ADMINISTRATION (Continued)		
		Travelling and Removal Expenses.....(5)	33,000	32,000
		Freight, Express and Cartage.....(6)	300	300
		Postage.....(7)	1,000	1,000
		Telephones and Telegrams.....(8)	5,000	7,700
		Publication of Reports and Other Material.....(9)	4,000	4,000
		Advertising and Publicity.....(10)	36,500	11,400
		Office Stationery, Supplies, Equipment and Furnish- ings.....(11)	2,500	2,500
		Materials and Supplies.....(12)	500	500
		Rental of Buildings.....(15)	22,500	22,500
		Repairs and Upkeep of Equipment.....(17)	1,200	1,200
		Light and Power.....(19)	1,200	1,000
		Unemployment Insurance Contributions.....(21)	100	100
		Sundries.....(22)	500	500
			334,800	298,400
		Expenditure		
		1964-65.....\$ 212,392		
		1965-66.....247,137		
		1966-67 (estimated).....298,400		
		INSPECTION AND WEIGHING OF GRAIN AND RELATED SERVICES		
		Salaried Positions:		
		Executive, Scientific and Professional:		
4		(\$16,000-\$18,000)		
3	3	(\$14,000-\$16,000)		
2	3	(\$12,000-\$14,000)		
6	4	(\$10,000-\$12,000)		
6	10	(\$8,000-\$10,000)		
4	5	(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
1		(\$16,000-\$18,000)		
4		(\$14,000-\$16,000)		
2		(\$12,000-\$14,000)		
	1	(\$10,000-\$12,000)		
5	2	(\$8,000-\$10,000)		
2	1	(\$6,000-\$8,000)		
		Technical, Operational and Service:		
	1	(\$12,000-\$14,000)		
2	4	(\$10,000-\$12,000)		
10	3	(\$8,000-\$10,000)		
165	165	(\$6,000-\$8,000)		
275	277	(\$4,000-\$6,000)		
	6	(Under \$4,000)		
242	244	(Seasonal)		
		Administrative Support:		
9	7	(\$6,000-\$8,000)		
90	52	(\$4,000-\$6,000)		
23	54	(Under \$4,000)		
		Prevailing Rate Positions:		
		(Seasonal)		
857	844			



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		BOARD OF GRAIN COMMISSIONERS (Continued)		
		Vote 50 (Continued)		
		INSPECTION AND WEIGHING OF GRAIN AND RELATED SERVICES (Continued)		
(856)	(843)	Continuing Establishment.....	4,828,500	4,465,300
(15)	(15)	Casuals and Others.....	58,000	58,000
(871)	(858)	Salaries and Wages (including \$256,300 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....(1)	4,886,500	4,523,300
		Overtime.....(1)	425,000	325,000
		Allowances.....(2)	36,000	29,000
		Professional and Special Services.....(4)	8,700	8,000
		Travelling and Removal Expenses.....(5)	180,000	144,500
		Freight, Express and Cartage.....(6)	33,000	32,200
		Postage.....(7)	11,500	11,000
		Telephones and Telegrams.....(8)	30,200	28,900
		Publication of Reports and Other Material.....(9)	15,700	17,300
		Office Stationery, Supplies, Equipment and Furnishings.....(11)	184,300	107,000
		Materials and Supplies.....(12)	55,400	44,100
		Repairs and Upkeep of Buildings and Works.....(14)	11,500	10,000
		Rental of Buildings.....(15)	215,600	179,700
		Repairs and Upkeep of Equipment.....(17)	10,600	7,600
		Municipal or Public Utility Services.....(19)	19,500	17,400
		Membership in the International Association of Cereal Chemists.....(20)	300	
		Unemployment Insurance Contributions.....(21)	1,500	1,700
		Sundries.....(22)	4,800	3,900
			6,130,100	5,490,600
		Expenditure Revenue		
		1964-65.....\$ 4,882,431 \$3,689,413		
		1965-66.....5,259,536 4,715,660		
		1966-67 (estimated).....5,557,700 5,959,500		
		CANADIAN GOVERNMENT ELEVATORS—OPERATION AND MAINTENANCE INCLUDING AUTHORITY TO PURCHASE SCREENINGS		
		Salaried Positions:		
		Administrative and Foreign Service:		
1		(\$16,000-\$18,000)		
	1	(\$14,000-\$16,000)		
1		(\$8,000-\$10,000)		
		Technical, Operational and Service:		
5	3	(\$8,000-\$10,000)		
29	10	(\$6,000-\$8,000)		
100	121	(\$4,000-\$6,000)		
3	26	(Under \$4,000)		
		Administrative Support:		
5	1	(\$6,000-\$8,000)		
14	16	(\$4,000-\$6,000)		
	6	(Under \$4,000)		
158	185			

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		<b>BOARD OF GRAIN COMMISSIONERS (Continued)</b>		
		<b>Vote 50 (Continued)</b>		
		CANADIAN GOVERNMENT ELEVATORS—OPERATION AND MAINTENANCE INCLUDING AUTHORITY TO PURCHASE SCREENINGS (Continued)		
(158)	(185)	Continuing Establishment.....	880,000	898,600
(33)	(36)	Casuals and Others.....	175,000	158,000
(191)	(221)	Salaries and Wages (including \$38,600 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	1,055,000	1,056,600
		Overtime..... (1)	75,000	30,000
		Allowances..... (2)	4,800	5,000
		Professional and Special Services..... (4)	500	500
		Travelling and Removal Expenses..... (5)	10,000	10,000
		Freight, Express and Cartage..... (6)	900	900
		Postage..... (7)	1,300	1,300
		Telephones, Telegrams and Other Communication Services..... (8)	14,000	10,700
		Office Stationery, Supplies, Equipment and Furnishings..... (11)	2,500	5,300
		Materials and Supplies..... (12)	30,000	30,000
		Repairs and Upkeep of Buildings and Works..... (14)	147,300	201,300
		Rental of Land, Buildings and Works..... (15)	7,000	7,000
		Repairs and Upkeep of Equipment..... (17)	2,000	2,000
		Public Utility Services..... (19)	280,000	270,000
		Unemployment Insurance Contributions..... (21)	3,000	2,000
		Sundries..... (22)	30,000	30,000
			1,663,300	1,662,600
		Expenditure Revenue		
		1964-65..... \$ 1,495,122 \$1,222,028		
		1965-66..... 1,585,552 1,566,150		
		1966-67 (estimated)..... 1,708,400 1,300,000		
		<b>Total, Vote 50.....</b>	<b>8,128,200</b>	<b>7,451,600</b>
		Expenditure Revenue		
		1964-65..... \$ 6,589,945 \$4,911,441		
		1965-66..... 7,092,225 6,281,810		
		1966-67 (estimated)..... 7,564,500 7,259,500		
		<b>Vote 51—Construction or Acquisition of Buildings, Works, Land and Equipment</b>		
		ADMINISTRATION		
		Construction or Acquisition of Equipment..... (16)	17,000	80
		Expenditure		
		1964-65..... \$ 33		
		1965-66..... 194		
		1966-67 (estimated)..... 800		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		BOARD OF GRAIN COMMISSIONERS (Continued)		
		<b>Vote 51</b> (Continued)		
		INSPECTION AND WEIGHING OF GRAIN		
		Construction or Acquisition of Equipment..... (16)	150,000	110,700
		Expenditure		
		1964-65..... \$ 117,485		
		1965-66..... 92,369		
		1966-67 (estimated)..... 110,700		
		CANADIAN GOVERNMENT ELEVATORS		
		Construction or Acquisition of Buildings, Works, and Land..... (13)	2,085,000	1,051,900
		Construction or Acquisition of Equipment..... (16)	15,000	2,000
			2,100,000	1,053,900
		Expenditure		
		1964-65..... \$ 115,331		
		1965-66..... 98,866		
		1966-67 (estimated)..... 3,900		
		<b>Total, Vote 51</b> .....	<b>2,267,000</b>	<b>1,165,400</b>
		Expenditure		
		1964-65..... \$ 232,849		
		1965-66..... 191,429		
		1966-67 (estimated)..... 115,400		
		LAND REHABILITATION, IRRIGATION AND WATER STORAGE PROJECTS		
		<b>Vote 55—Irrigation and Water Storage Projects in the Western Provinces including the South Saskatchewan River Project, the Prairie Farm Rehabilitation Act Program, Land Protection, Reclamation and Development—Administration, Operation and Maintenance, including Canada's fee for membership in the International Com- mission on Irrigation and Drainage</b>		
		Salaried Positions:		
		Executive, Scientific and Professional:		
	2	(\$18,000-\$20,000)		
	2	(\$16,000-\$18,000)		
13	2	(\$14,000-\$16,000)		
15	13	(\$12,000-\$14,000)		
21	36	(\$10,000-\$12,000)		
58	58	(\$8,000-\$10,000)		
		Administrative and Foreign Service:		
	2	(\$16,000-\$18,000)		
	2	(\$14,000-\$16,000)		
	2	(\$12,000-\$14,000)		
	2	(\$10,000-\$12,000)		
27	9	(\$8,000-\$10,000)		
3	9	(\$6,000-\$8,000)		



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		<b>LAND REHABILITATION, IRRIGATION AND WATER STORAGE PROJECTS (Continued)</b>		
		<b>Vote 55 (Continued)</b>		
		Salaried Positions: (Continued)		
		Technical, Operational and Service:		
	2	(\$12,000-\$14,000)		
9	8	(\$10,000-\$12,000)		
25	22	(\$8,000-\$10,000)		
201	176	(\$6,000-\$8,000)		
348	409	(\$4,000-\$6,000)		
19	41	(Under \$4,000)		
44	44	(Seasonal)		
		Administrative Support:		
9	4	(\$6,000-\$8,000)		
95	51	(\$4,000-\$6,000)		
15	56	(Under \$4,000)		
		Prevailing Rate Positions:		
137	149	(Full Time)		
115	113	(Seasonal)		
1,175	1,210	Continuing Establishment.....	6,031,000	6,036,810
(1,124)	(1,159)	Casuals and Others.....	245,000	242,590
(70)	(75)			
(1,194)	(1,234)	Salaries and Wages (including \$249,400 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....(1)	6,276,000	6,279,400
		Overtime.....(1)	135,000	125,000
		Professional and Special Services.....(4)	174,700	219,900
		Travelling and Removal Expenses.....(5)	510,200	484,700
		Freight, Express and Cartage.....(6)	14,200	17,500
		Postage.....(7)	14,000	14,000
		Telephones and Telegrams.....(8)	90,800	77,800
		Publication of Reports and Other Material.....(9)	9,000	4,000
		Advertising for Tenders.....(10)	12,800	11,400
		Office Stationery, Supplies, Equipment and Furnish- ings.....(11)	110,000	103,000
		Materials and Supplies.....(12)	555,500	568,900
		Fuel for Heating.....(12)	26,600	26,600
		Repairs and Upkeep of Buildings, Structures and Works.....(14)	1,069,200	1,089,600
		Rental of Land and Buildings.....(15)	14,300	11,100
		Repairs and Upkeep of Equipment.....(17)	369,400	393,800
		Rental of Equipment.....(18)	125,700	171,600
		Municipal or Public Utility Services.....(19)	124,800	108,500
		Membership in the International Commission on Irrigation and Drainage.....(20)	1,000	800
		Assistance in Moving and Re-establishment of Settlers.....(20)	1,000	1,000
		Unemployment Insurance Contributions.....(21)	14,800	13,800
		Sundries.....(22)	39,000	35,000
			9,688,000	9,757,400
		(Further Details)		
		Administration.....	752,000	691,800
		Community Pastures.....	1,748,000	1,821,000
		Water Development.....	937,000	882,200
		Irrigation Projects, Southwestern Saskatchewan.....	363,000	370,300
		Supply, Equipment and Service Depot.....	872,000	761,800
		Tree Nursery Station.....	594,000	531,400

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		LAND REHABILITATION, IRRIGATION AND WATER STORAGE PROJECTS (Continued)		
		<b>Vote 55 (Continued)</b>		
		(Further Details) (Continued)		
		Bow River Irrigation Project.....	1,145,000	1,006,300
		Engineering Services for Major Irrigation, Reclamation and Conservation Projects.....	2,425,000	2,115,900
		Buffalo Pound Lake Reservoir.....	10,000	10,000
		St. Mary Irrigation Project.....	213,000	293,700
		South Saskatchewan River Project.....	629,000	1,273,000
			<b>9,688,000</b>	<b>9,757,400</b>
		Expenditure Revenue		
		1964-65..... \$ 8,460,514 \$2,202,372		
		1965-66..... 8,737,867 2,471,818		
		1966-67 (estimated)..... 9,557,400 2,600,000		
		<b>Vote 60—Irrigation and Water Storage Projects in the Western Provinces including the South Saskatchewan River Project, the Prairie Farm Rehabilitation Act Program, Land Protection, Reclamation and Development—Construction or Acquisition of Buildings, Works, Land and Equipment</b>		
		Construction or Acquisition of Buildings, Works and Land..... (13)	13,997,600	22,308,000
		Construction or Acquisition of Equipment..... (16)	647,400	653,000
			<b>14,645,000</b>	<b>22,961,000</b>
		(Further Details)		
		Community Pastures.....	875,000	900,000
		Water Development.....	2,430,000	2,014,000
		Supply, Equipment and Service Depot.....	430,000	423,000
		Tree Nursery Station.....	203,000	254,000
		Bow River Irrigation Project.....	595,000	478,000
		Buffalo Pound Lake Reservoir.....	10,000	15,000
		St. Mary Irrigation Project.....	400,000	412,000
		South Saskatchewan River Project.....	3,517,000	13,538,000
		Shellmouth Dam and Portage Diversion.....	6,155,000	4,857,000
		Assiniboine and Qu'Appelle Rivers-Dyking and Cut-offs	30,000	60,000
		Land Protection and Reclamation.....		10,000
			<b>11,645,000</b>	<b>22,961,000</b>
		Expenditure Revenue		
		1964-65..... \$ 22,342,753 \$3,796,339		
		1965-66..... 25,080,023 1,838,879		
		1966-67 (estimated)..... 18,400,000 2,750,000		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		CANADIAN DAIRY COMMISSION		
		<b>Vote 65—Administration, Operation and Maintenance</b>		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1		Chairman (\$27,000)		
1		Vice-Chairman (\$23,000)		
1		Member (\$23,000)		
		Administrative and Foreign Service:		
1		(\$14,000-\$16,000)		
2		(\$10,000-\$12,000)		
		Administrative Support:		
1		(\$8,000-\$10,000)		
5		(\$4,000-\$6,000)		
12		Salaries..... (1)	151,500	
(12)		Overtime..... (1)	500	
		Professional and Special Services..... (4)	2,000	
		Travelling and Removal Expenses..... (5)	20,000	
		Freight, Express and Cartage..... (6)	500	
		Telephones and Telegrams..... (8)	2,200	
		Office Stationery, Supplies, Equipment and Furnishings..... (11)	5,000	
		Rental of Office Space..... (15)	11,000	
		Sundries, including expenses of Consultative Committee..... (22)	16,000	
			<b>208,700</b>	
		Expenditure		
		1964-65..... \$		
		1965-66.....		
		1966-67 (estimated)..... 49,000		
		FARM CREDIT CORPORATION		
		<b>Vote 70—Estimated amount required to provide for the operating loss of the Farm Credit Corporation for the fiscal year ending March 31, 1968..... (20)</b>	<b>3,900,000</b>	
		Expenditure		
		1964-65..... \$ 529,694		
		1965-66..... 1,029,998		
		1966-67 (estimated)..... 2,600,000		



APPENDIX B

FORESTRY AND RURAL DEVELOPMENT

MAIN ESTIMATES, 1967-68

## FORESTRY AND RURAL DEVELOPMENT

No. of Vote	Service	1967-68	1966-67	Change	
				Increase	Decrease
		\$	\$	\$	\$
	A—DEPARTMENT				
(S)	Minister of Forestry and Rural Development— Salary and Motor Car Allowance (Details, page 184).....	17,000	17,000		
1	Departmental Administration (Details, page 184).....	1,714,500	1,280,900	433,600	
3	Construction of extension to Research Labora- tory in Pointe Claire, Quebec, for use by the Pulp and Paper Research Institute of Canada (Details, page 185).....	253,000	750,000		497,000
—	Appropriation not required for 1967-68 (Details page 185).....		1		1
		1,967,500	2,030,901		63,401
	FORESTRY				
15	Administration, Operation and Maintenance, including grants as detailed in the Estimates (Details, page 186).....	16,943,500	12,728,400	4,215,100	
20	Construction or Acquisition of Buildings, Works, Land and Equipment (Details, page 189).....	3,952,000	3,063,300	888,700	
23	Contributions to the Provinces in the amounts and subject to the terms specified in the Details of Estimates (Details, page 190)....	1,750,000	9,410,000		7,660,000
		22,645,500	25,201,700		2,556,200
	RURAL DEVELOPMENT				
25	Agricultural and Rural Development Act Program, Rural Economic Development Act Program and Maritime Marshland Re- habilitation Act Program—Administration, Operation and Maintenance (Details, page 191).....	2,256,500	1,338,000	918,500	
30	Agricultural and Rural Development Act Program and Maritime Marshland Re- habilitation Act Program—Construction or Acquisition of Buildings, Works, Land and Equipment including authority to make re- coverable advances in amounts not exceeding in the aggregate the amount of the share of the Province of New Brunswick of the cost of the Petitcodiac River Dam Project (De- tails, page 193).....	1,608,700	1,048,900	559,800	
35	Payments in respect of projects and programs under the Agricultural and Rural Develop- ment Act, and payments to Provinces pur- suant to agreements entered into under that Act (Details, page 193).....	22,000,000	22,000,000		
(S)	Fund for Rural Economic Development— Project Payments (Details, page 193).....	11,000,000		11,000,000	
		36,865,200	24,386,900	12,478,300	

No. of Vote	Service	1967-68	1966-67	Change	
				Increase	Decrease
		\$	\$	\$	\$
	SUMMARY				
	To be voted .....	50,478,200	51,619,501	.....	1,141,301
	Authorized by Statute.....	11,017,000	17,000	11,000,000	
		61,495,200	51,636,501	9,858,699	
	B—CANADIAN LIVESTOCK FEED BOARD				
40	Administration and Operation (Details, page 194).....	156,000	.....	156,000	
45	Freight Assistance on Western Feed Grains including assistance in respect of grain storage costs in accordance with the terms and con- ditions prescribed by the Governor in Council (Details, page 194).....	22,000,000	21,700,000	300,000	
		22,156,000	21,700,000	456,000	



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		<b>Approximate Value of Major Services not included in these Estimates</b>		
		Accommodation (provided by the Department of Public Works).....	588,800	609,800
		Accommodation (in this Department's own buildings).....	511,500	504,400
		Accounting and cheque issue services (Comptroller of the Treasury).....	289,700	235,400
		Contributions to Superannuation Account (Department of Finance).....	857,100	443,800
		Contributions to Canada Pension Plan Account and Quebec Pension Plan Account (Department of Finance).....	116,000	98,600
		Employee surgical-medical insurance premiums (Department of Finance).....	75,900	42,900
		Employee compensation payments (Department of Labour).....	17,200	14,100
		Carrying of franked mail (Post Office Department)....	29,800	22,000
			2,486,000	1,971,000
		<b>Statutory—Minister of Forestry and Rural Development—Salary and Motor Car Allowance</b>		
		Salary.....(1)	15,000	15,000
		Motor Car Allowance.....(2)	2,000	2,000
			<b>17,000</b>	<b>17,000</b>
		<b>Vote 1—Departmental Administration</b>		
		<b>Salaried Positions:</b>		
		Executive, Scientific and Professional:		
		Deputy Minister (\$24,840)		
		Senior Officer 1 (\$16,500-\$20,500)		
		Senior Economist 1 (\$16,500-\$20,500)		
		(\$14,000-\$16,000)		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		Administrative and Foreign Service:		
		(\$16,000-\$18,000)		
		(\$14,000-\$16,000)		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
		(\$4,000-\$6,000)		
		Technical, Operational and Service:		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
		(\$4,000-\$6,000)		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		<b>Vote 1 (Continued)</b>		
		Salaried Positions (Continued)		
		Administrative Support:		
		(\$8,000-\$10,000)		
1		(\$6,000-\$8,000)		
8	4	(\$4,000-\$6,000)		
65	56	(Under \$4,000)		
26	24			
223	175	Continuing Establishment.....	1,392,200	1,037,500
(223)	(175)	Casuals and Others.....	6,000	6,000
(3)	(1)			
(226)	(176)	Salaries and Wages (including \$159,700 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	1,398,200	1,043,500
		Overtime..... (1)	1,300	1,300
		Professional and Special Services..... (4)	45,700	10,300
		Other Travelling and Removal Expenses..... (5)	95,000	70,000
		Freight, Express and Cartage..... (6)	5,200	5,600
		Postage..... (7)	3,000	3,000
		Telephones and Telegrams..... (8)	25,800	20,700
		Publication of Departmental Reports and Other Material..... (9)	11,800	13,500
		Advertising and Films..... (10)	16,500	11,500
		Office Stationery, Supplies, Equipment and Furnishings..... (11)	52,900	46,800
		Materials and Supplies..... (12)	32,800	31,200
		Acquisition of Equipment..... (16)	21,800	20,300
		Repairs and Upkeep of Equipment..... (17)	1,900	1,000
		Sundries..... (22)	2,600	2,200
			<b>1,714,500</b>	<b>1,280,900</b>
		Expenditure		
		1964-65..... \$ 720,663		
		1965-66..... 968,560		
		1966-67 (estimated)..... 1,294,070		
		<b>Vote 3—Construction of extension to Research Laboratory in Pointe Claire, Quebec, for use by the Pulp and Paper Research Institute of Canada..... (13)</b>	<b>253,000</b>	<b>750,000</b>
		Expenditure		
		1964-65..... \$ 599,860		
		1965-66..... 1,381,773		
		1966-67 (estimated)..... 750,000		
		<b>Appropriation not required for 1967-68</b>		
		To ratify and confirm the payment of grants in aid of forestry research in the amount of \$3,490 during the 1965-66 fiscal year..... (20)		<b>1</b>

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		FORESTRY		
		<b>Vote 15—Administration, Operation and Maintenance including grants as detailed in the Estimates</b>		
		ADMINISTRATION INCLUDING GRANTS AS DETAILED IN THE ESTIMATES		
		Salaried Positions:		
		Executive, Scientific and Professional:		
		Senior Officer 3 (\$20,500-\$24,750)		
		Senior Officer 2 (\$18,500-\$22,750)		
		Research Director 6, Forestry (\$15,000-\$17,000)		
		(\$18,000-\$20,000)		
		(\$16,000-\$18,000)		
		(\$14,000-\$16,000)		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
		(\$14,000-\$16,000)		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
		Technical, Operational and Service:		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
		(\$4,000-\$6,000)		
		Administrative Support:		
		(\$6,000-\$8,000)		
		(\$4,000-\$6,000)		
		(Under \$4,000)		
97	78	Continuing Establishment.....	562,300	593,400
(97)	(78)	Casuals and Others.....	9,000	
(2)				
(99)	(78)	Salaries and Wages (including \$14,300 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....(1)	571,300	593,40
		Overtime.....(1)	600	1,00
		Professional and Special Services.....(4)	124,700	108,60
		Other Travelling and Removal Expenses.....(5)	215,800	191,10
		Telephones and Telegrams.....(8)	13,800	9,90
		Publication of Departmental Reports and Other Material.....(9)	280,500	237,90
		Exhibits, Advertising, Films, Broadcasting and Displays.....(10)	132,500	90,00
		Office Stationery, Supplies, Equipment and Furnishings.....(11)	57,600	40,80
		Rental of Data Processing Equipment.....(11)	95,600	84,80
		Materials and Supplies.....(12)	9,600	20
		Repairs and Upkeep of Buildings and Works.....(14)		15,00
		Repairs and Upkeep of Equipment.....(17)		30
		Memberships in Scientific and Other Institutions.....(20)	1,800	1,80
		Grants in Aid of Forestry Research.....(20)	340,000	90,00
		Grant to the Commonwealth Forestry Institute (£2,000).....(20)	6,000	6,00



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		FORESTRY (Continued)		
		Vote 15 (Continued)		
		ADMINISTRATION (Continued)		
		Grant to Canadian Forestry Association..... (20)	50,000	25,000
		Canada's Share of the Cost of Developing a Multi-lingual Forestry Terminology..... (22)	12,900	5,400
		Remuneration and Expenses of the Federal Member of the Eastern Rockies Forest Conservation Board..... (22)	5,600	5,600
		Participation in F.A.O. Associate Expert Scheme or an Alternative Arrangement..... (22)	100,000	
		Sundries..... (22)	85,500	2,800
			2,103,800	1,509,600
		Expenditure		
		1964-65..... \$ 942,455		
		1965-66..... 1,040,315		
		1966-67 (estimated)..... 1,450,000		
		REGIONAL RESEARCH AND SERVICES		
		Salaried Positions:		
4		Executive, Scientific and Professional:		
	1	Research Scientist 4 (\$17,511 and up)		
	3	Research Director 6, Forestry (\$15,000-\$17,000)		
8		Principal Research Scientist (\$15,000-\$16,500)		
95	3	(\$16,000-\$18,000)		
34	31	(\$14,000-\$16,000)		
72	76	(\$12,000-\$14,000)		
161	175	(\$10,000-\$12,000)		
	5	(\$8,000-\$10,000)		
	1	(\$6,000-\$8,000)		
		(\$4,000-\$6,000)		
26	7	Administrative and Foreign Service:		
1	10	(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		
5	1	Technical, Operational and Service:		
108	112	(\$8,000-\$10,000)		
473	313	(\$6,000-\$8,000)		
1	1	(\$4,000-\$6,000)		
1	2	(Under \$4,000)		
5	4	(Part Time)		
		(Seasonal)		
8	1	Administrative Support:		
86	45	(\$6,000-\$8,000)		
22	44	(\$4,000-\$6,000)		
		(Under \$4,000)		
28	26	Prevailing Rate Positions:		
41	51	(Full Time)		
		(Seasonal)		
1,179	912			
(1,159)	(885)	Continuing Establishment.....	7,104,700	6,347,700
(190)	(147)	Casuals and Others.....	855,000	593,600
(1,349)	(1,032)	Salaries and Wages (including \$61,900 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	7,959,700	6,941,300
		Overtime..... (1)	29,500	28,200
		Professional and Special Services..... (4)	237,100	120,900
		Travelling Expenses—Research Travel..... (5)	377,100	316,700



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		<b>FORESTRY (Continued)</b>		
		<b>Vote 15 (Continued)</b>		
		<b>RESEARCH INSTITUTES (Continued)</b>		
(645)	(458)	Continuing Establishment.....	3,889,400	2,041,900
(61)	(51)	Casuals and Others.....	274,500	199,800
(706)	(509)	Salaries and Wages (including \$32,200 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay)..... (1)	4,163,900	2,241,700
		Overtime..... (1)	24,700	19,900
		Professional and Special Services..... (4)	140,000	116,500
		Travelling Expenses—Research Travel..... (5)	150,300	78,900
		Other Travelling and Removal Expenses..... (5)	50,900	45,700
		Freight, Express and Cartage..... (6)	9,800	7,900
		Postage..... (7)	1,700	1,500
		Telephones, Telegrams and Other Communication Services..... (8)	25,900	19,400
		Publication of Departmental Reports and Other Material..... (9)	8,200	2,500
		Advertising and Films..... (10)	300	300
		Office Stationery, Supplies, Equipment and Furnishings..... (11)	128,700	52,500
		Fuel..... (12)	23,000	24,500
		Other Materials and Supplies..... (12)	186,100	126,500
		Repairs and Upkeep of Buildings and Works..... (14)	36,600	24,500
		Rental of Buildings..... (15)	300	100
		Repairs and Upkeep of Equipment..... (17)	48,000	40,700
		Rental of Equipment..... (18)	15,800	11,500
		Municipal or Public Utility Services..... (19)	53,100	48,500
		Memberships in Scientific Institutions..... (20)	300	700
		Unemployment Insurance Contributions..... (21)	1,900	1,500
		Sundries..... (22)	5,000	36,500
			5,074,500	2,901,800
		Expenditure Revenue		
		1964-65..... \$ 2,449,145 \$ 31,480		
		1965-66..... 2,815,382 29,852		
		1966-67 (estimated)..... 2,599,210 30,100		
		<b>Total, Vote 15.....</b>	<b>16,943,500</b>	<b>12,728,400</b>
		Expenditure Revenue		
		1964-65..... \$ 8,466,987 \$ 176,915		
		1965-66..... 9,447,637 174,092		
		1966-67 (estimated)..... 12,599,210 180,500		
		<b>Vote 20—Construction or Acquisition of Buildings, Works, Land and Equipment</b>		
		<b>ADMINISTRATION</b>		
		Construction or Acquisition of Buildings, Works and Land..... (13)	50,000	40,000
		Construction or Acquisition of Equipment..... (16)	500	500
			50,500	40,500



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		FORESTRY (Continued)		
		<b>Vote 20 (Continued)</b>		
		Administration (Continued)		
		Expenditure		
		1964-65.....	\$ 22,477	
		1965-66.....	8,333	
		1966-67 (estimated).....	40,500	
		REGIONAL RESEARCH AND SERVICES		
		Construction or Acquisition of Buildings, Works and Land..... (13)	1,815,700	1,258,500
		Construction or Acquisition of Equipment..... (16)	716,200	616,900
			2,531,900	1,875,400
		Expenditure		
		1964-65.....	\$ 1,688,375	
		1965-66.....	871,455	
		1966-67 (estimated).....	1,716,000	
		RESEARCH INSTITUTES		
		Construction or Acquisition of Buildings, Works and Land..... (13)	685,800	554,800
		Construction or Acquisition of Equipment..... (16)	683,800	592,600
			1,369,600	1,147,400
		Expenditure		
		1964-65.....	\$ 671,217	
		1965-66.....	637,753	
		1966-67 (estimated).....	1,140,500	
		<b>Total, Vote 20.....</b>	<b>3,952,000</b>	<b>3,063,300</b>
		Expenditure		
		1964-65.....	\$ 2,389,059	
		1965-66.....	1,517,591	
		1966-67 (estimated).....	2,857,000	
		<b>Vote 23—Contributions to the Provinces in the amounts and subject to the terms specified in the Details of Estimates</b>		
		CONTRIBUTION TO THE PROVINCE OF NEW BRUNSWICK FOR ASSISTANCE IN A PROGRAM DESIGNED TO COMBAT THE SPRUCE BUDWORM INFESTATION, IN ACCORDANCE WITH AN AGREEMENT ENTERED INTO BY CANADA AND THE PROVINCE..... (20)	600,000	600,000
		Expenditure		
		1964-65.....	\$ 478,574	
		1965-66.....	580,009	
		1966-67 (estimated).....	690,000	

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		FORESTRY (Continued)		
		<b>Vote 23 (Continued)</b>		
		CONTRIBUTION TO THE PROVINCE OF NEWFOUNDLAND FOR ASSISTANCE IN A PROGRAM DESIGNED TO OBTAIN FOR NEWFOUNDLAND AND LABRADOR AN INVENTORY OF THE FOREST RESOURCES AND TO CARRY OUT LAND CAPABILITY STUDIES IN ACCORDANCE WITH AN AGREEMENT BETWEEN CANADA AND THE PROVINCE.....(20)	1,000,000	750,000
		Expenditure		
		1964-65.....\$		
		1965-66.....		
		1966-67 (estimated).....600,000		
		CONTRIBUTION TO THE PROVINCE OF BRITISH COLUMBIA FOR ASSISTANCE IN A PROGRAM DESIGNED TO COMBAT THE BALSAM WOOLY APHID INFESTATION IN ACCORDANCE WITH AN AGREEMENT TO BE ENTERED INTO BY CANADA AND THE PROVINCE....(20)	150,000	150,000
		Expenditure		
		1964-65.....\$		
		1965-66.....		
		1966-67 (estimated).....150,000		
		ITEM NOT REQUIRED FOR 1967-68		
		Contributions to the Provinces, pursuant to agreements entered into with the approval of the Governor in Council, with respect to Forest Inventories, Reforestation, Forest Fire Protection, Forest Access Road Construction and Stand Improvement.....(20)		7,910,000
		<b>Total, Vote 23.....</b>	<b>1,750,000</b>	<b>9,410,000</b>
		Expenditure		
		1964-65.....\$ 8,469,508		
		1965-66.....8,567,610		
		1966-67 (estimated).....9,350,000		
		RURAL DEVELOPMENT		
		<b>Vote 25—Agricultural and Rural Development Act Program, Rural Economic Development Act Program and Maritime Marshland Rehabilitation Act Program—Administration, Operation and Maintenance</b>		
		Salaried Positions:		
		Executive, Scientific and Professional:		
		Senior Officer 2 (\$18,500-\$22,750)		
		Senior Officer 1 (\$16,500-\$20,500)		
		(\$16,000-\$18,000)		
		(\$14,000-\$16,000)		
		(\$12,000-\$14,000)		
		(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		(\$6,000-\$8,000)		

1 1  
5 5  
11 8  
9 8  
2 8  
2 3  
8 4  
2 2

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		<b>RURAL DEVELOPMENT (Continued)</b>		
		<b>Vote 25 (Continued)</b>		
		Salaried Positions: (Continued)		
		Administrative and Foreign Service:		
2		(\$14,000-\$16,000)		
2	5	(\$12,000-\$14,000)		
	2	(\$10,000-\$12,000)		
6	3	(\$8,000-\$10,000)		
	1	(\$6,000-\$8,000)		
		Technical, Operational and Service:		
10		(\$14,000-\$16,000)		
6	4	(\$12,000-\$14,000)		
	3	(\$10,000-\$12,000)		
5	1	(\$8,000-\$10,000)		
24	16	(\$6,000-\$8,000)		
11	16	(\$4,000-\$6,000)		
		Administrative Support:		
4		(\$6,000-\$8,000)		
42	23	(\$4,000-\$6,000)		
9	12	(Under \$4,000)		
5	5	Prevailing Rate Positions: (Full Time)		
164	122	Continuing Establishment.....	1,114,600	803,800
(164)	(122)	Casuals and Others.....	76,500	55,700
(17)	(17)			
(181)	(139)	Salaries and Wages (including \$10,000 allotted during 1966-67 from the Finance Contingencies Vote for increases in rates of pay).....(1)	1,191,100	859,500
		Overtime.....(1)	3,100	2,000
		Professional and Special Services.....(4)	10,000	5,000
		Travelling and Removal Expenses.....(5)	172,000	172,000
		Freight, Express and Cartage.....(6)	1,300	600
		Postage.....(7)	800	600
		Telephones and Telegrams.....(8)	25,000	15,800
		Publication of Departmental Reports and Other Material.....(9)	212,000	55,000
		Advertising and Films.....(10)	350,000	61,000
		Office Stationery, Supplies, Equipment and Fur- nishings.....(11)	43,500	19,000
		Materials and Supplies.....(12)	32,000	32,000
		Repairs and Upkeep of Works.....(14)	90,000	90,000
		Repairs and Upkeep of Equipment.....(17)	20,000	20,000
		Memberships.....(20)	200	
		Unemployment Insurance Contributions.....(21)	1,500	1,500
		Canadian Council on Rural Development.....(22)	100,000	
		Sundries.....(22)	4,000	4,000
			<b>2,256,500</b>	<b>1,338,000</b>
		Expenditure		
		1964-65.....\$ 615,590		
		1965-66.....789,938		
		1966-67 (estimated).....1,316,740		



Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		RURAL DEVELOPMENT (Continued)		
		<b>Vote 30—Agricultural and Rural Development Act Program and Maritime Marshland Rehabilitation Act Program—Construction or Acquisition of Buildings, Works, Land and Equipment, including authority to make recoverable advances in amounts not exceeding in the aggregate the amount of the share of the Province of New Brunswick of the cost of the Petitcodiac River Dam project</b>		
		Construction or Acquisition of Buildings, Works, and Land.....(13)	2,161,600	2,118,400
		Construction or Acquisition of Equipment.....(16)	33,800	30,500
			2,195,400	2,148,900
		Less—Amount recoverable from the Province of New Brunswick on account of the Petitcodiac River Dam Project.....(34)	586,700	1,100,000
			<b>1,608,700</b>	<b>1,048,900</b>
		Expenditure		
		1964-65.....\$ 201,166		
		1965-66.....359,184		
		1966-67 (estimated).....900,000		
		<b>Vote 35—Payments in respect of projects and programs under the Agricultural and Rural Development Act, and payments to Provinces pursuant to agreements entered into under that Act</b>		
		Contributions to the Provinces.....*(20)	18,000,000	18,000,000
		Other Payments.....(22)	4,000,000	4,000,000
			<b>22,000,000</b>	<b>22,000,000</b>
		Expenditure		
		1964-65.....\$ 9,145,490		
		1965-66.....13,010,985		
		1966-67 (estimated).....20,000,000		
		<b>Statutory—Fund for Rural Economic Development—Project Payments.....(20)</b>	<b>11,000,000</b>	
		Expenditure		
		1964-65.....\$.....		
		1965-66.....\$.....		
		1966-67 (estimated).....\$.....		

Positions (man-years)		Details of Services	Amount	
1967-68	1966-67		1967-68	1966-67
			\$	\$
		<b>B—CANADIAN LIVESTOCK FEED BOARD</b>		
		<b>Vote 40—Administration and Operation</b>		
		Salaries.....(1)	109,500	
		Professional and Special Services.....(4)	2,000	
		Travelling and Removal Expenses.....(5)	12,000	
		Freight, Express and Cartage.....(6)	100	
		Postage.....(7)	500	
		Telephones and Telegrams.....(8)	4,000	
		Publication of Reports and Other Material.....(9)	2,000	
		Advertising and Publicity.....(10)	1,500	
		Office Stationery, Supplies, Equipment and Furnishings.....(11)	18,400	
		Sundries.....(22)	6,000	
			<b>156,000</b>	
		<b>Vote 45—Freight assistance on Western Feed Grains including assistance in respect of grain storage costs in accordance with the terms and conditions prescribed by the Governor in Council.....(20)</b>	<b>22,000,000</b>	<b>21,700,000</b>
		Expenditure		
		1964-65.....\$ 19,114,857		
		1965-66.....20,999,594		
		1966-67 (estimated).....21,700,000		





OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations and/or a translation into English of the French.

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Translated by the General Bureau for Translation, Secretary of State.

LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS

Second Session—Twenty-seventh Parliament

1967

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STANDING COMMITTEE

ON

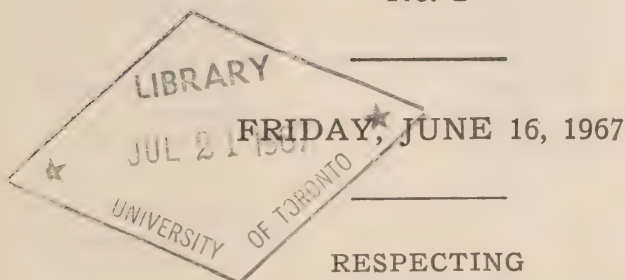
**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2



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RESPECTING

ESTIMATES (1967-68) OF THE DEPARTMENT OF FORESTRY  
AND RURAL DEVELOPMENT

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WITNESSES:

*From the Department of Forestry and Rural Development:* The Honourable Maurice Sauvé, Minister; Mr. L. E. Poetschke, Economic Adviser, Rural Development Branch.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Alkenbrack <sup>1</sup> ,	Mr. Gauthier,	Mr. Nowlan,
Mr. Asselin	Mr. Gendron,	Mr. Olson,
( <i>Richmond-Wolfe</i> ),	Mr. Godin,	Mr. Peters,
Mr. Beer,	Mr. Grills,	Mr. Pugh,
Mr. Berger,	Mr. Herridge,	Mr. Rapp,
Mr. Chatterton <sup>2</sup> ,	Mr. Honey,	Mr. Ricard,
Mr. Choquette,	Mr. Hopkins,	Mr. Roxburgh,
Mr. Clermont,	Mr. Horner ( <i>Acadia</i> ),	Mr. Schreyer,
Mr. Comtois,	Mr. Johnston,	Mr. Stafford,
Mr. Côté	Mr. Jorgenson,	Mr. Stefanson,
( <i>Nicolet-Yamaska</i> ),	Mr. Lefebvre,	Mr. Tucker,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Ethier,	Mr. Madill <sup>5</sup> ,	<i>guay-Huntingdon-</i>
Mr. Fairweather <sup>3</sup> ,	Mr. Matte <sup>4</sup> ,	<i>Laprairie</i> ),
Mr. Flemming <sup>4</sup> ,	Mr. Neveu,	Mr. Yanakis—45.
Mr. Forbes,	Mr. Noble,	

Michael B. Kirby,  
*Clerk of the Committee.*

<sup>1</sup> Replaced Mr. Danforth on Wednesday, June 7, 1967.

<sup>2</sup> Replaced Mr. Watson (*Assiniboia*) on Wednesday, June 7, 1967.

<sup>3</sup> Replaced Mr. Muir (*Lisgar*) on Wednesday, June 7, 1967.

<sup>4</sup> Replaced Mr. Moore (*Wetaskiwin*) on Wednesday, June 7, 1967.

<sup>5</sup> Replaced Mr. McKinley on Wednesday, June 7, 1967.

<sup>6</sup> Replaced Mr. Faulkner on Tuesday, June 13, 1967.



## ORDERS OF REFERENCE

WEDNESDAY, June 7, 1967.

*Ordered*,—That the names of Messrs. Flemming, Fairweather, Alkenbrack, Chatterton and Madill be substituted for those of Messrs. Danforth, Watson (*Assiniboia*), Muir (*Lisgar*), Moore (*Wetaskiwin*) and McKinley on the Standing Committee on Agriculture, Forestry and Rural Development.

*Ordered*,—That the quorum of the Standing Committee on Agriculture, Forestry and Rural Development be reduced from 23 to 15 Members.

TUESDAY, June 13, 1967.

*Ordered*,—That the name of Mr. Matte be substituted for that of Mr. Faulkner on the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House of Commons.*



## MINUTES OF PROCEEDINGS

FRIDAY, June 16, 1967.

(2)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.28 o'clock a.m. The Vice-Chairman, Mr. Laverdière, presided.

*Members present:* Messrs. Asselin (*Richmond-Wolfe*), Chatterton, Choquette, Comtois, Côté (*Nicolet-Yamaska*), Godin, Grills, Herridge, Honey, Johnston, Jorgenson, Laverdière, Madill, Neveu, Noble, Olson, Pugh, Ricard, Stefanson, Tucker, Watson (*Châteauguay-Huntingdon-Laprairie*) (22).

*In attendance:* From the Department of Forestry and Rural Development: The Honourable Maurice Sauvé, Minister; Dr. M. L. Prebble, Assistant Deputy Minister (Forestry), Mr. H. W. Beall, Special Adviser to the Deputy Minister; Mr. L. E. Poetschke, Economic Adviser, Rural Development Branch; Mr. R. K. McAuley, Head, Financial Services; Dr. R. Perrault, Chairman of the Canadian Livestock Feed Board; Mr. J. M. McDonough, Executive Director, Canadian Livestock Feed Board; Mr. G. W. McGuire, Assistant Director, Personnel Services.

Mr. Laverdière thanked the Committee for re-electing him Vice-Chairman as he had not had an opportunity to do so earlier. The Vice-Chairman then asked the Clerk of the Committee to read the First Report of the Sub-Committee on Agenda and Procedure which is as follows:

The Sub-Committee on Agenda and Procedure has the honour to submit its

### FIRST REPORT

Your Sub-Committee recommends that during the Committee's consideration of the Estimates of the Department of Agriculture and of the Department of Forestry and Rural Development that the Estimates of the Department of Forestry and Rural Development be called first and that they be completed before the Committee start consideration of the Estimates of the Department of Agriculture.

Your Sub-Committee recommends that during consideration of both sets of estimates that the following procedure be followed:

- (a) The first item (Departmental administration) be called, and that discussion and questions of a general nature be permitted, but questions that clearly relate to specific items be postponed until the appropriate item has been reached;
- (b) When the general discussion is completed, the first item be allowed to stand for further consideration and the Committee proceed to consider and approve the subsequent items;
- (c) When all of the items have been approved, except the first item, the Committee will return to further consideration of that item, at which time all unanswered questions may be dealt with and unfinished business completed;



- (d) The first item of the estimates will then be approved, or otherwise dealt with, and the Committee will proceed to prepare its Report to the House.

On motion of Mr. Choquette, seconded by Mr. Comtois,

*Agreed*,—That the First Report of the Sub-Committee on Agenda and Procedure be adopted.

The Vice-Chairman called item 1 of the estimates of the Department of Forestry and Rural Development and introduced the Minister of Forestry and Rural Development. The Minister introduced the officials with him and proceeded to make a statement. After the Minister finished his statement, members of the various party groups on the Committee commented briefly after which the members proceeded to question the Minister.

Later it was *agreed* that on Tuesday, June 20, 1967 the Committee would stand item 1, Departmental Administration, and consider these items in the estimates under Forestry, namely items 15, 20 and 23.

At 11.00 o'clock p.m., the questioning of the Minister continuing the Committee adjourned to 9.30 o'clock a.m. Tuesday, June 20, 1967.

Michael B. Kirby,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

Friday 16 June, 1967.

Mr. Comtois: I second the motion.

Motion agreed to.

(Translation)

**The Vice-Chairman:** Order, please. We have a quorum, I believe.

**Mr. Ricard:** How many members are needed for a quorum, 20?

**The Vice-Chairman:** Fifteen.

**Mr. Ricard:** Is the Minister included in this number?

**The Vice-Chairman:** No. Order, please. I take this first opportunity to thank you for the confidence you have shown by naming me again as Vice-Chairman. With the help and co-operation of everyone, I am sure that we will again be able to do some excellent work during this second session. The first matter submitted to the Committee to-day is the first report—

(English)

**Mr. Honey:** Mr. Chairman, on a point of order, would the Committee consider it advisable to elect a second Vice-Chairman just for an interim period since, unfortunately, you have not been feeling too well and have not always been able to be here and our Chairman is away? I just put that thought to you, Mr. Chairman.

**The Vice-Chairman:** I am going to be able to be here every time the Committee meets. Also, Mr. Whelan is out of hospital now and I think he will be back next week. I think the arrangement we have will be all right.

I bring to your attention the first report of the Subcommittee, which the Clerk of the Committee will read:

(See *Minutes of Proceedings*).

(Translation)

Is the Committee ready to adopt this report of the subcommittee?

● (9.30 a.m.)

(English)

**Mr. Choquette:** I so move.

(Translation)

**The Vice-Chairman:** I am pleased to welcome Mr. Sauvé, as well as some officials from his Department. I call upon Mr. Sauvé and I will also ask him to introduce the officials who are with him to-day. Mr. Sauvé.

**The Hon. Mr. Sauvé (Minister of Forestry and Rural Development):** Mr. Chairman and dear colleagues, I am pleased to attend the meetings of this Committee, for the first time, as Minister of Forestry and Rural Development. I have known since last year that the members of this Committee had expressed a wish that, this year, the Department be able to answer all the questions of the members on its combined work.

Before beginning to make the general remarks introducing the work we intend to perform this morning and during the following days, allow me to introduce the members of the personnel of the Department who are with me and who will be here during all the discussions of this Committee.

(English)

● (9:31 a.m.)

On my right is Dr. Prebble, Assistant Deputy Minister, Department of Forestry; then Mr. H. W. Beall, Special Adviser to the Deputy Minister; Mr. L. E. Poetschke, Economic Adviser, Rural Development Branch, ARDA; Mr. R. D. McAuley, Head of the Financial Services; Dr. R. Perreault, Chairman of the Canadian Livestock Feed Board; Mr. J. M. McDonough, Executive Director, Canadian Livestock Feed Board, and Mr. G. W. McGuire, Assistant Director, Personnel Services.

(Translation)

I would like to apologize for the absence of Doctor Rousseau, the Deputy Minister, who is

out of town on Government business, as well as that of Mr. Saulnier, Director of ARDA and Assistant Deputy Minister of Forestry, who returns to-day from Europe where he attended meetings of the OECD as the representative of the Department.

As you know the Department of Forestry and Rural Development is a young department. It was established on October 1, 1960, as a result of the amalgamation of two services taken from two different departments, the Department of Agriculture and the Department of Northern Affairs.

The first Deputy Minister who took upon himself the administrative responsibility of the Department was Doctor Rousseau, who is due for retirement in August of this year, having reached the age of 66. The Honourable John Flemming, our colleague in the House of Commons, was the first Minister of Forestry. He was replaced for about a month in March 1963 by another of our colleagues, Mr. Martial Asselin, who, in turn, was replaced afterwards by the Honourable J. R. Nicholson, from the month of April 1963 to the month of February 1964. As for myself, I have had the honour to direct this Department since February 3, 1964.

By the way, I have, as Minister, the longest service in this Department, as I have been Minister for 40 months. Mr. Flemming, before me, had the honour of seniority, having been Minister for a little more than 29 months.

In February 1964, the Prime Minister of Canada decided to widen the scope of the Department of Forestry and added to it the ARDA Administration (which you know well), the Maritime Marsh Land Rehabilitation Administration and the Feed Grain Administration, three services which were under the jurisdiction of the Department of Agriculture. And in the fall, last year, I became officially Minister of Forestry and Rural Development.

*(English)*

The Department of Forestry, by our constitution, is mainly restricted to research in the forestry field, and I would like to read briefly from a program review document that I have before me which sets the objectives of the Department. I am quoting from the document.

The primary objective of the Forestry Branch is to effect continual improvement in the protection, management, and utilization of the Canadian forest resources, and in the competitive position

of the forest-based industries. The means to attain this primary objective include:

(a) research in all aspects of the basic forestry resource, in forest products, and in economics;

(b) insect and disease surveys throughout Canada as a means of orientating research activities and forecasting the need for control programs;

(c) surveys of certain aspects of the wood-products industries as a guide to products research programs;

(d) forest surveys and management programs on lands under the jurisdiction of other federal departments;

(e) programs of forestry publicity and education toward the improved protection and use of the forest resources;

*(Translation)*

So there you have the essential aspects of the responsibility of the Department of Forestry and Rural Development with regard to the forestry side of the Department. It is very clear, from the list I have just read to you, that our jurisdiction is limited exclusively to research. The departments of lands and forests of the provincial governments have sole responsibility for the administration of forests in each of the provinces and the Department of Indian Affairs and Northern Development, directed by Mr. Laing, has the responsibility for the administration of forests in the Yukon and Northwest Territories.

We are essentially and exclusively an organization directed towards forestry research. To reach our objective, we have, since 1964, provided for an administrative reorganization of the Department in order to bring our services closer to the reality of forestry; in other words, we have organized our services at the regional level to meet the needs of the provinces and we have also created a certain number of institutes in Ottawa and elsewhere to conduct research at the national level.

This reorganization can be really effective only if it is matched by an increase in personnel and in administrative support in the Department. For this reason, the Treasury Board, at our request, last year, after a complete examination of our program by the Science Secretariat attached to the Prime Minister's Office and the Privy Council Office, approved for the years 1967 to 1972, a considerable increase in the research personnel of the Department, so that we foresee, in six or



seven years, having twice as many employees assigned to scientific research. We also foresee a physical expansion program and a fairly important program of building construction. The officers accompanying me will be able to give you the details of this reorganization and of this increase in personnel by giving you the relevant figures by sectors.

Last year in the forestry field, as you know, we took the initiative of organizing the first National Forestry Conference, which was held in camera at Montebello and which was attended by representatives of the provincial governments, the larger Canadian concerns, the universities and the national organizations interested in forestry problems.

This meeting allowed us to realize the importance of the forestry industry and especially of the similarity of the problems across Canada. We, the members of the Steering Committee of this conference, are to meet at the end of this month to examine in what way the federal government and, more particularly, the Department of Forestry, in spite of its limited jurisdiction, can continue to call together all the interested parties to try to direct the organization of forestry administration in a more consistent manner. Even though we have no jurisdiction, we are there, trying essentially to facilitate co-operation among the provinces to ensure for the forestry industry regulations or an administrative policy which will be more or less uniform across the country.

We suffer a great deal from this handicap which is imposed upon us; i.e., that we have to restrict ourselves to research. We are often blamed for not taking the initiative in some field or other. The department heads and I considered that the best way of providing assistance to industry in the field of forestry was to call this type of national conference in which all the representatives of the provinces, industry, the universities and organizations interested in forestry, could at least meet to discuss amongst themselves the problems of forestry. We cannot take any further action.

The first national conference on forestry which took place last year was highly successful. We published the results, which are now available to the public, and I think that all the participants would like us to continue to organize this type of meeting. During the meeting of the steering committee at the end of this month, I think that we should be able to take some decisions furthering the work we have begun.

Those are, in my opinion, the essential features in the organization of the aims of the forestry division of the Department. It is work done behind the scenes, but it is important work. The officers of the Department are internationally recognized for their ability, and many visits and exchanges of scientists take place between Canada and other countries. At the present time in Canada for example, amongst other delegations we have one of eight Russian scientists who are going to travel from one end of the country to the other, divided into two teams, to learn of the work we are doing at the level of research and at the same time to contact certain Canadian forestry enterprises.

We have a considerable number of publications. Almost every day we publish a document of an extremely scientific nature and I know, from personal experience, and from the exchange of correspondence between the Department and foreign countries, the extreme importance of this research, not only in the eyes of Canadians but also in the eyes of scientists from other countries who work in collaboration with us.

The Department employs almost 2,300 public servants including, I believe, about 300 scientists who hold either a Doctorate or a Master's degree. Thus there is an extraordinary concentration of scientific knowledge in the Department and I am delighted with the work done and the results obtained.

Since 1964, the Department has also been responsible for the administration of the ARDA program at the federal level.

*(English)*

● (9.44 a.m.)

The other program, as you know, was started in 1961 under the previous administration and the able direction of the Hon. Mr. Hamiltion. It has since then been expanded extraordinarily because it was immediately found out that problems in rural areas were not mainly agricultural problems but mostly resource adjustment problems because there is a majority of non-farm people living in rural areas. There has been an extension of a program to the point where at the Federal-Provincial Conference on the ARDA program for the renewal of the first rural development agreement between the provinces and the federal government it was agreed to expand the activities of ARDA both at the provincial and federal level into a new concept of regional rural planning. You have noticed for the last year a tremendous increase in programs of that nature. We have

signed with at least two provinces and we are negotiating with four others. We have signed a special rural development agreement with New Brunswick and Manitoba and we are now negotiating with the provinces of Newfoundland, Prince Edward Island, Nova Scotia, Quebec and Saskatchewan about the possibilities of establishing similar programs in those provinces. You are aware that Parliament last year and this year created the fund for rural economic development with an input, first of \$50 million which was extended this year to \$300 million, and we feel that with this amount of money, and the regular ARDA program plus the normal Department expenditures in certain regions of Canada where there is a concentration of low income families, we will be able to fulfil the aim of the new concept of ARDA, the elimination of poverty in regions where there is a concentration of families affected by this situation.

I do not want to enter into the details of the ARDA administration. I think you are more familiar with ARDA than some other aspects of the Department's work. You will have occasion to discuss all of the normal ARDA program and the special rural development program with the officials and myself at future meetings of this Committee. The Arda program or other branches also administer the Maritime Marshland Rehabilitation Act which was limited to three provinces in the Maritimes and which will come to an end in 1970 by agreement already signed between the three provinces and the Federal Department of Forestry. This was a specific program to recover land partly submerged by seawater or rivers and it has, I think now, achieved its aim and the provinces will be able to pay for the annual upkeep of this program.

*(Translation)*

The latest agency for which the Department of Forestry is responsible is the Canadian Livestock Feed Board, created by an Act of Parliament last year, the officials of which were appointed by Order in Council at the beginning of May or April of this year. You know that since 1940 the federal government has given assistance in financing the costs of animal feed grain transported from the two Great Lakes ports to eastern Canada and that this government expenditure was allowed for each year in the budget of the Department of Agriculture and for the last few years in that of the Department of Forestry. Following several requests from persons interested and from a committee

created in the House of Commons to study the entire problem, the government, on the recommendation of this Committee, created the Canadian Livestock Feed Board which is responsible for administering this program of financial aid and which, in addition, is to examine the methods required to make the program, which is costing the government almost \$21,000,000 a year, more efficient. The members of the Board have just taken up their duties; their headquarters is located in Montreal, and on your request they will be able to explain to you the nature of their work and the problems with which they are confronted. It is quite certain that as far as the province of Quebec and the four Maritime provinces are concerned, this program is of considerable importance for the farming people. The provinces of eastern Canada depend on having feed grains imported into their provinces from the West and the transportation costs are high. This government policy has certainly enabled a very great number of farmers from Ontario and Quebec and the four Atlantic provinces to increase their income, or at least to decrease their operational expenses. It is a program which may be of considerable importance to farmers in Ontario and the other provinces of Eastern Canada if it is properly administered and if we adapt our policy to the agricultural reality of these provinces. You know that the act was passed last year and received the support—*as did the ARDA act, too*—of all the members in the House and I trust that the administration of the Canadian Livestock Feed Board will come up to the expectations of the members of Parliament. Those, Mr. Chairman, I believe are the main points I wished to bring up briefly this morning so that you might then discuss with me any particular aspects which might interest the members of the Committee. Afterwards, the officers of the Department will be entirely at your service to reply to your questions or shed some light on certain aspects of what I have just said. I myself shall make an effort to attend the Committee meetings because I am interested in finding out the views of the members of the House on the administration of the Department and shall quite understand that at certain times you may be very severe critics. Such is the purpose of the meetings of a committee of this kind and, in any case, I am assured of your cooperation since in the House you have always displayed great interest in the activities of the Department. For my part, you may be assured of my complete cooperation in



facilitating your research and the work of your Committee. Thank you.

**The Vice-Chairman:** Thank you, Mr. Minister. I will now ask a representative of each party for comments of a general nature first of all and, later, we shall proceed to the question period. Mr. Jorgenson, may we have your comments first?

*(English)*

**Mr. Jorgenson:** Mr. Flemming, the first minister of this Department, was supposed to be here today. Unfortunately he is unable to attend and it falls upon me to very briefly make a few comments in respect of this Department.

The importance of the Forestry Department to Canada and to the forest industry cannot be over-emphasized. I believe I detected that the Minister was wistfully hoping that he had a little more authority in matters of forestry than he has other than just research. It is a fact also that forestry circumstances differ from one part of the country to the other and perhaps the best arrangement is for the Provincial Governments to have jurisdiction in the administration of the Forestry Departments and the Federal Government act as a co-ordinating agency for the development of common policies that are beneficial to the industry and to the country as a whole.

The meeting that was held at Montebello last year is a good indication of the type of co-ordinating work that can be done in ensuring that all parts of the country are familiar with what is being done and in ensuring that the research and the knowledge gained in one part of the country is communicated to other parts so that the benefits of that type of research can be shared by all who are concerned.

I do not intend to deal at any great length with the Forestry Department because I am not too familiar with it and I will leave that to Mr. Flemming when he returns. I would, however, like to make a few comments on the ARDA legislation and the recently appointed Livestock Feed Board.

The ARDA program, as the Minister stated, had great hopes when it was first initiated but I am beginning to wonder now whether those hopes are being fulfilled in many parts of the country. It seems to me that recently the ARDA program has not been given the type of priority that it deserves. It seems that other branches of the Government have been

able to claim greater priority for the available moneys that are expended by Government and although it is true that \$50 millions was allocated for the special fund program last year there are a good many parts of Canada yet—I happen to represent one of those areas in southeastern Manitoba—that have not up to this time been able to receive any assistance whatsoever under the ARDA legislation. Now I am not critical of the federal government particularly; I know that the initiation for these programs must rest with the provincial authorities and with the local people themselves. However, it does seem to me some inspiration must be provided in order to spur the local people to some action and I think here is where the federal government could perhaps play a much greater role in working with the provinces in making sure that there are people in those areas who can retrieve the lost hope that has manifested itself in a good many parts of Canada today. It seems to me that the situation in Canada is very much on a parallel with that across the world. The richer nations are getting richer and the poorer nations are getting poorer and the disparity is becoming greater. With the ever increasing wage demands and better standards of living being demanded by those who already are enjoying a fairly good standard of living, it is creating a hardship on those who are not in the position to claim more of their share of the wealth of this country. I do think that more effort could be made to ensure that some of these areas are given greater attention, enabling them to share in the prosperity of this country.

As far as the Livestock Feed Board is concerned, the legislation was passed last year and I am afraid that the implication created at that time was that the Eastern farmers were going to enjoy lower prices for feed grains—although it might not have been specifically stated in those terms—as a result of the establishment of this Board. In view of the world situation the demand for wheat in particular has ensured that this will not happen. I think a good many farmers in Eastern Canada are going to be disappointed to find that they are going to pay a higher price for feed grains because feed grains are going to have to compete with wheat price-wise if you expect anybody to grow them. I think the results of the acreage surveys that have been made in western Canada for the past year will indicate that there are decreasing acreages being sown to feed grains because they do not compete with wheat in the income per acre.



This raises the question of how the supplies are going to be met and there is an ever-increasing demand for feed grains in Eastern Canada. There are two alternatives, or perhaps three. The first one, and I think perhaps the most desirable one that I mentioned in the House the other day, is the application of some of the research that has been carried out, which has resulted in improved varieties of feed grains with heavier yielding crops producing much more per acre than is being produced today. I think we should now start to direct our research to special types of feed grains; in other words, to grow feed grains for that purpose rather than have them as a by-product of something else, such as feed barley, which is largely a by-product resulting from the efforts of farmers in western Canada to grow malting barley and weather conditions combining to prevent that barley from becoming a malting variety. There are varieties of barley that can be grown and that will produce much higher yielding varieties, and experiments have been conducted along those lines.

The second alternative is that more feed grains be grown in eastern Canada. Perhaps this is not the alternative that can be used, because it seems to me that we are foolishly turning more and more of our productive land to cement by putting buildings and factories on it. This is a policy which must be arrested in one way or another, or we are going to find ourselves drastically short of land with which to produce the foods that the world will need.

The other alternative course is the importation of feed grains from the United States, or from other countries. This raises what I think is the question, which has not been resolved—although it was mentioned at the time that the legislation was introduced—of who is going to exercise jurisdiction over the import of feed grains. At the present time the Canadian Wheat Board authorizes the quotas of feed grains allowed in eastern Canada. In my opinion it is misplacing it to put it under the jurisdiction of the Canadian Wheat Board; I do not think that they particularly want that authority, nor do I think they enjoy exercising it. It is a political decision that should be made by the Government. I think it should be placed in the hands of the Minister of Trade and Commerce.

Would the Minister care to comment on what the Government has decided in the matter of the import of feed grains? I think this

is going to play an ever-increasing part in the supplying of feed grains to eastern Canada.

Perhaps there is another alternative. Southern Ontario has indicated that it is prepared to supply a large part of the feed grain market in eastern Canada through increased production of feed corn. Perhaps this is one way in which the demand for feed grains in eastern Canada and in British Columbia can be met.

If we in the West are expected to supply feed grains for the rapidly increasing market it must be realized that farmers in the Prairies will have to be compensated accordingly. You cannot expect a farmer to sow his land to oats or barley if the returns per acre from wheat are double what he can get on any of the other crops.

It is going to pose a problem in eastern Canada and a serious difficulty for the Eastern Feed Board if steps are not taken to ensure supplies of feed grain adequate to meet the needs of this country.

Mr. Chairman, that is all I want to say at this time. As I indicated, I hope that when Mr. Flemming returns he will be given an opportunity to comment on the Forestry Department.

(Translation)

● (10.05 a.m.)

**The Vice-Chairman:** Thank you, Mr. Jorgenson. I will now call upon Mr. Herridge to make his comments, if he so desires.

(English)

**Mr. Herridge:** Mr. Chairman, my comments will be quite brief at this stage.

First of all, I want to thank the Minister for coming here at this early hour, and for his statement. I might say that throughout all my adult life I have been particularly interested in trees, ships and women, although not necessarily in that order!

Our party supports the principles and purpose of the ARDA program and, in general, the work that the Minister and his officials are trying to do with respect to forestry and the relationship between the federal government and the provincial governments in this respect.

I might say, as president of the Canadian Tree Farmers Association, that our organization supports the government's efforts, in general, with respect to the forestry and ARDA program.

Mr. Chairman, I am now in a field where I feel a bit more at home, because I have practised tree farming on my own properties for over 50 years. This is a subject I know something about. I am very pleased to be here, and am looking forward to hearing the explanations given by the officials.

I was glad to head the Minister mention the result of the forestry conference called by the federal government, to which the provincial governments were invited along with industry. This is a practice that should be continued. I am very much in favour of having discussion among all parties to any problem, because in many instances their problems are mutual.

I wish the Minister and the Department well in all their efforts to set up a sort of general policy across Canada by agreement with the provincial governments, and with respect to forestry in particular.

I was interested in the Minister's reference to the Federal-Provincial Conference on ARDA. I am not going to say anything further on it at this time because we will be able to get information by questioning the Minister or his officials with respect to the ARDA agreements, forestry policy, or other matters that we are concerned with and interested in.

**The Vice-Chairman:** Mr. Johnston, you are next.

**Mr. Johnston:** Thank you, Mr. Chairman. I would like to express appreciation of the Minister's opening statement. Because this department is one that is extremely diverse it covered a fair amount of ground. The province that I come from has, of course, a great concern for forestry. Some years ago, when the Department was first set up, I recall feeling that forestry was so basic to British Columbia it could lead to a sort of automatic clash. I am pleased to see that there has been a co-operative effort between the federal and provincial governments.

I know how great is the need for research. I was happy to hear the Minister concentrate his remarks so much on the need for research in the forest industry. The problems are tremendous in diseases of trees, the development of trees, in variety and in markets and so on. The needs are tremendous there, and it will take the combined resources of all of the provinces and the federal government to deal with the many problems that arise in that industry.

Speaking on behalf of my own constituency I can say that in the ARDA part of the program there are several projects of great importance under way. I do feel that in British Columbia the ARDA program was rather slow in getting going, but I am happy to say that it has succeeded in so doing.

Some of the projects are small, but others, which involve the re-building and development of irrigation systems, particularly in the Okanagan Valley, are quite big. As these systems develop it will be very important to see that there is no conflict between agriculture and rural development. If it is good for agriculture it will be rural development, and there will be rural development that will relate, possibly indirectly, to agriculture; but the whole system should be worked out and very well co-ordinated.

We watch with interest the development of much larger programs in other parts of the country. There is the development which is being done in eastern Canada and in Manitoba. Because our agricultural areas in British Columbia, with the exception of the Peace River area, are rather restricted in size we probably will not see any major scheme of this type in the far west.

On the other hand, I should point out that there are pockets of extremely marginal agriculture in some of the mountain valleys, which were settled years ago, on what has not proven to be really viable agricultural land. So that there is scope in British Columbia, too, for some of the rural development aspects of the ARDA program that deal with marginal agriculture.

Of course, in the West we are interested, too, in the feed grain agency, because it relates to British Columbia as well as to eastern Canada. I was discussing it just last week and with a constituent who is doing some study on it. He felt that the whole feed grain situation in British Columbia still had a great many loose ends. With the agency and the board being just set up it is early yet, but I think we can look forward to tying up some of these loose ends and improving the feed grain situation in the province.

That is all I have to say at this time, Mr. Chairman.

• (10:10 a.m.)

**Mr. Herridge:** Mr. Chairman, if I may make a suggestion, so that the record will be in sequence, perhaps the members of the



Committee would first direct their questions on forestry to the Minister and then those on ARDA, research, or whatever they wish. In this way the record will be in sequence for those who read it. I find this is a matter for criticism sometimes. We jump from one subject to another.

(Translation)

● (10.12 a.m.)

**The Vice-Chairman:** Is it agreed that we deal with ARDA and forestry individually, as Mr. Herridge has just suggested?

(English)

**Mr. Noble:** Mr. Chairman, we are not getting any English translation.

**An hon. Member:** This is a real complaint!

**Mr. Olson:** Mr. Chairman, could the Minister give us an expanded explanation of the research work before we start our questioning? He talked about research and said that that was the primary function of the Department, but that is as far as he went. Does he mean research into diseases and their reduction, and the production of trees, or does he include research into the use of wood in manufacturing wood products and marketing and so on?

**Mr. Chatterton:** Mr. Chairman, does it also include research into forest fire fighting methods?

(Translation)

● (10.14 a.m.)

**Mr. Choquette:** Before we go any further, Mr. Chairman, would you allow the representative of the *Ralliement* the same privilege as the other members, that of expressing his point of view? Is it not normal procedure to allow the spokesman for each political party to express his point of view?

**The Vice-Chairman:** Would you like to do so, Mr. Godin?

**Mr. Choquette:** A spokesman for each party has expressed his point of view following the report made by the Minister. I feel that it would be appropriate.

**Mr. Godin:** I did not hear the report and I have not seen it. Thank you all the same. I shall follow your remarks with interest.

**The Vice-Chairman:** Thank you. I will now call upon the Minister to make a few comments on what has been said, and then we shall have the question period.

(English)

**Mr. Sauvé:** I would like to thank members who have spoken on behalf of their parties for their generosity. This is additional proof of their understanding of the work of the department. I will have a very brief comment to make and then I will answer with pleasure the questions of members if I know the answers and if the questions are not too technical. We can discuss the forestry aspects of the department, the ARDA program or feed grain, whichever subject the Committee decides upon.

One must realize that the ARDA program is a joint program, it is federal-provincial, and under the regular ARDA program the initiative and the administration rest solely with the provinces. It is true that in some provinces the ARDA program has not been as fully implemented as in others or as was originally expected.

You must realize that this was a new initiative and a new concept and many of the provincial governments were not sufficiently familiar with all the administrative machinery at the beginning to fully benefit from this program. Documents which have been published and circulated to members of the House of Commons, and to the public will reveal that the program has benefited some provinces more than others.

We have been conscious from the beginning—and when I say “from the beginning” I mean under the previous administration and also under my responsibility—of some of the weaknesses in this program. We have proposed many schemes to the provinces and we have had conferences with them, but generally speaking the provinces requested that the federal government not go directly to the local level and start pushing for programs. The provinces were very jealous of their authority in their jurisdiction and they felt they were the ones to decide who was to benefit from the program, under what circumstances, in what regions and also the particular projects that were chosen.

We are just beginning to receive agreement from the provinces on a larger program of information initiated by the federal government in co-operation with the provinces. This



fall and next spring there will be a very large program of information, as you will see from the Estimates. It is something on the order of probably \$250,000 to \$300,000. We intend to inform the individual farmer or the rural family about the ARDA program; what it is, what can be done and what the method is for doing it. Up until now the provinces—and I think rightly so in a way—did not want to be flooded with massive projects which they could not handle. It would probably have meant for them an impossible administrative task. Members are right when they say that the program generated a lot of enthusiasm at the beginning. It was presented in such a way that people were led to believe that all the solutions to rural and agricultural problems would be solved through ARDA. After the initial impetus there was a slump because the administration of the program was possibly not as great as originally expected.

However, the federal government took the initiative. We called this federal-provincial conference in 1964 after the ARDA officials and myself, along with the Deputy Minister, visited each of the provinces. We spoke to provincial ARDA committees in each capital and met ministers and premiers and so on. After an extensive exchange of views in the months of April, May and June of 1964 we circulated our views to the provinces in September. We then held this conference where it was agreed by all provinces that the federal government, especially in the field of regional rural planning, would have much more initiative. Since then we have been extremely successful and I think the program has picked up tremendously since the first months of 1965. This has occurred not only as a result of the expansion of the regular ARDA program but the extraordinary expansion of this concept of regional rural development.

As you know, we have already signed three agreements with two provinces. One was in northeastern New Brunswick at Macnaquac and the other at Interlake in the province of Manitoba where, because of the Fund for Rural Economic Development, which has now been increased to \$300 million by Parliament, we were able to initiate programs federally and provincially in regions of this country where there is a concentration of low income families, and this will really have an effect. We are tackling the fundamental problem—not individual local problems—of resource adjustments and the training of people. I have been greatly impressed by the results and I think generally speaking the

provinces are very satisfied with this new concept. The federal initiative has also been tremendous. In fact, we have identified all the regions in Canada. You will recall that in 1964 we published maps showing the regions of poverty in Canada. By discussing this with the provinces we have been able to get them to accept and to implement this concept. As I mentioned earlier, we have now had discussions with all the provinces of Canada with respect to rural regional development programs which go to the root of the problem. I am quite satisfied with the upsurge in the increasing efforts of ARDA at the federal level.

I would like to make a comment on feed grain. When the bill was introduced into the House and the administration of it was discussed by all the members, emphasis was put on trying to maintain stability of price rather than a decrease in the price of feed grain. As you know, in eastern Canada during some months of the year prices go up very high and then they come down, and this creates disturbances.

Early in the discussion when legislation was introduced it was mentioned that we would try to re-examine this entire program to see if the feed corn production in Ontario could not benefit from the legislation and the payment of freight subsidies as they now exist. I am confident that the board, after having reviewed this situation, will be able to cope with this very difficult problem of price increase and the variation in price during the year for farmers in eastern Canada and in British Columbia.

I have great hopes for this feed agency. It is not because I feel that through this policy we are going to solve our little problems, far from that; I think what we need in this country is a national agricultural policy.

In fact, some of the problems which Mr. Jorgenson has mentioned can only be solved by having a national agricultural policy whereby the federal government, the provinces and the farm organizations can agree on the objectives of agricultural production in this country over the next 10 years. I think the formation of the task force was the beginning of establishing this kind of policy.

I think that the Feed Board—at least for the time being—would be able to serve the farmers in eastern Canada and British Columbia in a way that would diminish the price cost squeeze in their operations in that

field at least. I agree that it must depend on the world market and the local production of grain in Canada.

We have been having discussions for some time with the Canadian Wheat Board about the import control of grain and I think that we are on the verge of coming to an agreement that the Canadian Wheat Board will give up this authority. They are not anxious, as you have said, to exercise this authority. It would probably be the Board of Grain Commissioners that would be the depository of the authority in this field, as they are for some other aspects of the grain problem. Now that the Feed Grain Board is in operation it might be possible to clearly settle this problem soon.

These are the few remarks I wanted to make before starting to answer specific questions. I am at the disposal of the members of the Committee if they wish to proceed with questioning.

(Translation)

● (10.25 a.m.)

**The Vice-Chairman:** Mr. Choquette has a few questions to ask.

(English)

**Mr. Jorgenson:** Mr. Chairman, may I speak on a point of order. I would like to raise a matter that I think is a very valid one. There are times when the evidence of this Committee has to be reviewed by people who want to look it over and it is far more orderly if the questioning is done according to the various items rather than wandering all over the place. I would much prefer that we decide what particular items we are going to discuss for the remainder of the time that is allocated to us this morning. When one item is completed we can then move on to the next one. It is far more orderly as far as the members are concerned. I think the officials would appreciate it and I think the people who read these reports and the members who are going to be reviewing the reports will find it much easier to review them if the questioning is arranged in that way. I hope some decision can be made along those lines.

(Translation)

**The Vice-Chairman:** Mr. Choquette.

**Mr. Choquette:** In the House, when we are studying Item no. 1, the members are allowed to ask questions on the subject as a whole. Therefore, I do not see the utility of the point

of order brought up by the member for Kootenay West at all. The procedure is the same as in the House. We are on Item no. 1, so we have the right to ask questions of a general nature, whatever the subject under discussion.

(English)

**Mr. Asselin (Richmond-Wolfe):** Dealing with that point of order, I agree in a way with Mr. Jorgenson but I also have to agree with Mr. Choquette. If someone wishes to speak about forestry—and I am not interested in forestry—I will not have the opportunity to pose my questions to the Minister on ARD, because we will be leaving here in about half an hour. Can we be assured that the system will carry on for the next meeting when the Minister and his officials are here so that those who want to pose questions on the latter subject will have the same opportunity as those who want to pose questions on the first subject? I would agree to this, but unless we have that guarantee I think we should follow Mr. Choquette's suggestion that we proceed the way we do in the House.

**The Vice-Chairman:** It was suggested at the beginning of this meeting, and everyone seemed to agree, that we call the first item and that discussion and questions of a general nature be permitted on that item but questions that related to specific items be postponed until the appropriate item has been reached. Also, when the general discussion was completed the first item would be allowed to stand for further consideration while the Committee proceeded to consider and approve the subsequent items. Perhaps we could now proceed with general questioning, if it is agreeable to the Committee.

**Some hon. Members:** Agreed.

**The Vice-Chairman:** I will now ask Mr. Choquette to pose his questions.

(Translation)

**Mr. Choquette:** I would like to ask the Minister whether the war on poverty program is a responsibility shared by several departments or whether the Minister himself directs the implementation of this program?

**Mr. Sauvé:** No. You are aware that there is a special secretariat, attached to the Privy Council, which handles the co-ordination of all the work of the various departments.



what is called the war on poverty. It involves the Department of Manpower, the Department of National Health and Welfare, the Department of Forestry. As far as our department's role goes in this war on poverty, we are concentrating our efforts in particular on the programs of regional development, as, for example, in northeastern New Brunswick, the Interlake region in Manitoba, and the EQPB in the Lower St. Lawrence and Gaspé Peninsula. What happens is that, when we have prepared a plan for regional development in a given area where there is a concentration of low income families, then it is the Department of Forestry, ARDA Division, which negotiates with the provincial government concerned on behalf of all the federal departments involved, and the Department of Agriculture for the province negotiates on behalf of all the provincial departments involved.

Then there is co-ordination of all the work of the provincial and federal departments in an area, through negotiations between the Department of Forestry for the federal government and the provincial Department of Agriculture for the provincial government.

Then, we sign an agreement concerning the organization of the administration in the area, the financial particulars for each of the departments concerned, under the ARDA program or the economic development fund, the details of the program to be applied over a period of from five to ten years, and local participation.

This agreement is ratified by the two governments and then applied by the departments concerned, at either the provincial or federal level, according to their respective responsibilities, or in some other way, when it involves no specific or clearly established responsibility for one department in particular.

Actually, it is either the Department of Forestry or ARDA in a given area which co-ordinates and assumes, not the responsibility for implementation, that belongs to the individual provincial or federal departments concerned, but it is the co-ordinating body that supervises implementation of the programs and ensures that the war on poverty in this area is carried out effectively. The general program of the war on poverty is the responsibility of a special secretariat established under the authority of the Privy Council.

**Mr. Choquette:** I asked this question because I have had several questions put on the Order Paper, concerning the war on poverty and it was always the parliamentary assistant to the Prime Minister who replied. We always thought that ARDA was the moving force behind this offensive and that ARDA came under the Department of Forestry. I am glad to have this point cleared up for me by the minister.

I have another question I would like to ask.

• (10.30)

As the Minister has the major degree of authority in this struggle against poverty, would he consider preparing a White Paper on the war on poverty as it might be said that this is the problem which demands the most effort and the one which is becoming the most prominent among those which need attention. Would it be possible to table in the House a White Paper dealing with the war on poverty?

**Mr. Sauvé:** I believe there have already been a number of publications issued by the special secretariat indicating what the federal government on its part is doing in this field. I do not see how we could publish a paper dealing with the administrative measures which the federal government might decide to develop over a period of from five to ten years without involving the provincial governments because the responsibility in this field is shared.

In any case, as we do not as yet accept in Canada and the provinces the idea of deliberate economic planning at the government level, I cannot easily visualize the possibility of drawing up a rational White Paper which merely states what is being done without determining specific policy. In any case, this would not be up to the Department of Forestry and Rural Development, it would be the responsibility of the Prime Minister or the Privy Council.

**Mr. Choquette:** I do not want to hold up the Committee but I have one short question concerning the Canadian Livestock Feed Board. We know that the major grievance expressed by the farmers of, for example, eastern Canada is that when the government increases its assistance to farmers the production costs increase and they particularly complain about the increase in the price of feed grains.



Subsidies for dairy products have been substantially increased this year by about \$30 million. Farmers are making more money. However, the price of feed grains will soon start to rise. I wonder how the Canadian Livestock Feed Board intends to prevent such a situation which seems to be perpetuating itself and about which farmers complain so bitterly?

**Mr. Sauvé:** When you come to discuss the Canadian Livestock Feed Board perhaps you could ask Mr. Perreault for the technical details on this point. I am not convinced of the accuracy of your statement that when there is an increase in federal government grants in one sector, there is a corresponding increase in the price of feed grains directly associated with this increase. Several factors may be involved. This would have to be checked. I am not aware that as a result of the announcement of the new dairy policy there has been any substantial increase in the price of feed grains. However, this will have to be checked with the experts. I am not an expert.

I can tell you that the act allows the Canadian Livestock Feed Board to act as a broker. For instance, if the Board notices that there is let us say, a substantial and unjustified increase in price, then the Board can intervene in the market and buy and sell grain and in this way it acts as a broker. As we have a considerable amount of funds available we can thus intervene effectively to prevent sudden and unjustified price increases.

The price of feed may be justifiably increased, because there is not only grain in it but all sorts of ingredients and it is often the price of ingredients such as minerals, etc., which is increased. This is not the result of an increase in the price of the feed itself. If the Canadian Livestock Feed Board notices for one reason or another that there is a sharp or unjustified increase in the price of feed because of an unusual increase in the price of the cereal grains that go into the feed, then with the permission of the Cabinet it is authorized to intervene in the market and to act as a broker. This is the reason there are two parts to the act. There is the administrative part, which regulates the administration of existing grants for transportation costs, and the other part, which authorizes the Canadian Livestock Feed Board to act as a broker.

**Mr. Choquette:** I would like to ask one last question.

**Mr. Ricard:** Mr. Chairman, before we go any further I would like to point out that Mr. Choquette's question is very precise and very relevant Mr. Choquette deserves a clear answer to his question. The technical experts are here, Mr. Minister, and if you are unable to give Mr. Choquette a complete answer perhaps you could consult with them so that you could give Mr. Choquette a complete answer. Judging by his question, Mr. Choquette seems to be convinced that the increase is the direct result of the increased subsidies. This matter must be cleared up. There is no point in our coming back two or three times to the same subject. I feel that Mr. Choquette should receive an answer to his question immediately.

● (10.40 a.m.)

**Mr. Comtois:** I would like to speak on a point of order, Mr. Chairman. We officially decided to proceed in this way: members were not to be allowed to ask supplementary questions while one of their colleagues were asking questions in order to avoid getting into a wide-open discussion. If everyone asked supplementary questions other members would not have time to ask questions. We should keep to our established procedures.

**Mr. Sauvé:** Mr. Chairman, I understood a moment ago that there would be a general discussion and then if there were any specific questions they would wait until the actual item was being studied by the committee so that the officials could provide precise technical answers.

**Mr. Ricard:** I simply meant to try and speed up the answer to Mr. Choquette's question. I was wrong and we are supposed to come back to it later—

**Mr. Choquette:** As you say, we could certainly do with some technical explanations. I think the Minister has given a general answer which might be summed up in this way: the Canadian Livestock Feed Board is going to watch for and prevent unrestricted speculation which may have hurt farmers in the past.

**The Vice-Chairman:** I feel that we can consider this point in detail when we come to discuss the item relating to the Canadian Livestock Feed Board.

I will call upon Mr. Pugh for his questions.

**Mr. Choquette:** Mr. Chairman, I would like to know what sort of connection, or what

communication, there is between the Canadian Livestock Feed Board and the Canadian Wheat Board?

**Mr. Sauvé:** Technically speaking, there is none. These two bodies are regulated by two different acts and neither is subordinate to the other. However, there are some administrative relationships between them for the purpose of information and to prevent, in so far as this is possible, the creation, not of disputes, but of problems.

**Mr. Choquette:** Is there any overlapping of jurisdiction?

**Mr. Sauvé:** There is no overlapping of jurisdiction. This is clearly established. We have nothing to do with the wheat trade, which is entirely the responsibility of the Canadian Wheat Board. We are at the other extreme in the wheat trade. We engage in buying and selling, as one broker among others at the Winnipeg Grain Exchange. We do not have any dealings with the Canadian Livestock Feed Board.

**Mr. Choquette:** Therefore, the Canadian Livestock Feed Board cannot buy from the wheat board?

**Mr. Sauvé:** No, it cannot.

**The Vice-Chairman:** Mr. Pugh, you have the floor.

(English)

**Mr. Pugh:** Mr. Chairman, I think that ARDA is one of the great pieces of legislation that have been enacted. It is proving itself to be most effective. In my own area there are many projects under way, and some of them have been completed. Those on irrigation in the Okanagan Valley have been most successful.

However I have seen the various circulars which come from your office, giving information generally on ARDA projects throughout Canada, and I have noticed a slight variation in the terms of contribution. There has been a tremendous increase in the 50-50 grants where the federal undertakes half and the province undertakes half. My first question is: What is the determination on this point. What decides whether it will be a 50-50 basis, or one-third, one-third, one-third?

**Mr. Sauvé:** The answer to this question is contained in the ARDA agreement that was

signed by the provinces and the federal government, which came into force on April 1, 1965. It contains clauses that determine the federal contribution according to the nature of the projects. For projects in the water field I think the construction is  $37\frac{1}{2}$  and the provinces assume the remaining responsibility and then have to try to share it with the local authorities.

It is a mandatory contribution decided by the agreement. It does not fluctuate at will. The agreement provides for a 50-50 contribution on certain aspects of the ARDA program, and  $37\frac{1}{2}$ , if I am right, for other projects.

**Mr. Pugh:** Even where projects are in being at the present time have your department and the government given consideration to the old one-third, one-third, one-third basis, or whatever the contribution was, and considered the possibility of upping the ante?

Perhaps I might describe several situations that have occurred. In the Okanagan, irrigation has been the big thing in ARDA. Despite a good deal of help from PFRA, the engineering and all the rest, it has been found that the cost of putting water on the acreage, in many cases, has doubled, even with the assistance under ARDA. There is a definite hardship at the present time. I know this from my personal experience and I am wondering whether the Department is considering, as I say, upping the ante, or working out another deal, if you like.

**Mr. Sauvé:** Yes, we have done something already. According to the original ARDA agreement which came into force on April 1, 1965, the total allotment of a province that could be committed to this kind of scheme was limited to 50 per cent of the cost. The province of British Columbia has asked us to make an exception, that the allotment of the province should not be restricted to 50 per cent but should be greater, and we have agreed to a limit of 60 per cent which, in fact, will allow the federal ARDA administration and the province to make more contributions to this kind of project. Otherwise, the share of the local authorities or the local people would have been greater. That is the way we found to increase our contribution, because we were limited by a 50 per cent allotment of the total amount.

**Mr. Pugh:** May I ask the Minister whether there is a possibility of a form of retroac-



tivity—even in the projects which are in being at the present time and having been put in being by ARDA—so that we might go back and review the agreements already in existence to take this overload off the project.

**Mr. Sauv :** My impression is no, but I would like you to discuss this specific aspect of the question when the ARDA people are before you.

**Mr. Pugh:** Just before I close I notice you said, the first agreement in 1965. I think you are referring to a specific agreement but, of course, ARDA started—

**Mr. Sauv :** We have signed two general agreements with the province, one in 1962 for the period 1962-1965, and we have renewed the first agreement for a period from April 1, 1965 to—

**Mr. Pugh:** You used the term “the original agreement” and I just wanted to go back a few years, politically, of course. One of the things you mentioned was research. I have had a great many requests dealing with pollution which might be considered a National Health and Welfare responsibility, but to me pollution goes along with the whole ARDA concept at the same time. You mentioned research on a regional basis and that ARDA had its projects, and this was the definite idea. I am wondering whether some research on a regional basis might be good, in conjunction with National Health and Welfare, pollution being my main concern in this. Has it been considered?

**Mr. Sauv :** I think that a decision has been taken at the federal level that this problem would be dealt with by the Department of Energy, Mines and Resources. All problems of pollution in the field of research come under the authority of the Department of Energy, Mines and Resources.

**Mr. Pugh:** Then ARDA would look to Energy for any research with regard to ARDA problems, particularly so far as pollution, and so on is concerned.

**Mr. Poetschke:** The intention sir, of the EMR is to provide a vehicle—

**Mr. Pugh:** Could I have the meaning of EMR?

**Mr. Poetschke:** Energy, Mines and Resources. Within that Department there is a

section concerned specifically with problems relating to water. Its intention is to examine problems from the point of view of a river basin region. This will involve many facets, pollution being a very important one. The Prime Minister has directed it to pay particular attention to pollution. It will provide the vehicle for research and the intention, also, I believe, is to provide the mechanism to assist with projects that are indicated to be required by the research.

**Mr. Pugh:** Thank you very much.

**Mr. Noble:** Mr. Chairman, I have four questions and I think the answers need not necessarily be long. Does the Department of Forestry take any responsibility for forest spraying?

**Mr. Sauv :** We share the cost with the provinces. I do not know how many are concerned, but I know the principle is that the province proposes forest spraying to us and we share the cost with them and with the companies involved, if companies are involved.

**Mr. Noble:** That leads to another responsibility and that is, before they did spraying would the Department consult and co-operate with the Department of Fisheries before spraying forests where there was a possibility of interfering with the fish production? I understand the fisheries have suffered significant damage in the past from ill-considered spraying operations resulting in pollution of the spawning areas.

**Mr. Sauv :** There is very close co-operation between all departments involved. There is an Interdepartmental Committee on Forest Spraying. There have been some problems of the kind you have mentioned, but I think through the co-operative efforts of all the department we have now overcome the major difficulties. You could get technical information from the members of the Department when you reach the Items on this.

**Mr. Noble:** When the Minister was giving us a rundown of the provinces co-operating with the Department of Forestry in the new arrangements for forest restoration, I note that Ontario was not mentioned. I ask the Minister whether he can tell us what the disposition of Ontario may be in this respect.

**Mr. Sauv :** What do you mean by restoration?



**Mr. Noble:** You mentioned that you had signed up Newfoundland and one other province. Then you said you were negotiating with four or five others and I noticed that you omitted Ontario.

**Mr. Sauvé:** Yes, I am sorry. I was not discussing forestry then; I was discussing rural development agreements.

**Mr. Noble:** Could you tell us what the disposition is in Ontario? Why was it not mentioned?

**Mr. Sauvé:** It was because the Ontario Government has not yet considered the application of Section 6 of the ARDA Agreement for rural regional planning. I do not think there has been any discussion yet. There has been mention of one or two areas where there could be that kind of possibility, but the Province of Ontario has to agree to go in with us on this regional planning and it has not done so yet. However, there has been some discussion of possibilities in two regions, one in Manitoulin, I think, and the other in Eastern Ontario. But it is an ARDA program; it is not a forestry program.

**Mr. Noble:** Is there any particular area in Eastern Ontario, any particular county or area that we could designate?

**Mr. Sauvé:** You will recall that a survey was done in 1962 or 1963 which mentioned thirteen counties in Eastern Ontario. Normally, I guess they would be about the same.

**Mr. Noble:** Is the Department of Forestry doing anything in the way of promoting the planting of walnut, as it is very scarce and now worth a dollar a board foot or more?

**Mr. Sauvé:** Unfortunately, I cannot answer that. I think you will have to reserve your question for the officials of the Department when they appear before the Committee to answer specific questions.

**Mr. Noble:** My last question is, what progress has been made in the development of blueberry and cranberry plantations?

• (10.55 a.m.)

**Mr. Sauvé:** This is a specific ARDA program. There are specific ARDA projects in various parts of the country. We have had extensive blueberry ARDA projects in the

Saguenay-Lake St. John area and two others in Nova Scotia. I think you will have to wait to discuss the specific results with the members of the Department. It is too specific for my comments.

(Translation)

**The Vice-Chairman:** Mr. Matte?

**Mr. Matte:** I do not want to minimize the significance of ARDA; I have every confidence in it. However, do you not feel that the federal government considers it rather as a bank in that we take nothing to do with how the Act is applied, but leave everything to the control of the provincial governments? If we submit a project which might be applied in our areas or in our ridings, we are always referred to the provincial government.

**Mr. Sauvé:** You know that ARDA was originally intended as an agricultural program. Jurisdiction in the field of agriculture is concurrent; that is, the federal government the provincial governments are all partially responsible for it. Those who proposed this Act, namely, Mr. Hamilton and the provincial ministers of agriculture, decided that it would be implemented jointly, with the federal and provincial governments participating.

Originally, with the ARDA programme, they decided that the initiative and the administration would be provincial responsibilities, with the result that the federal government's role was limited largely to making financial contributions, although each project was examined at the federal level. We realized later that rural problems were not exclusively agricultural, that the non-agricultural population in rural areas was larger than the agricultural, and that if we wanted to solve the rural problem we would have to deal with the other resources of the area and with the population. Thus, we arrived at the new concept of regional development in which the federal government participates not only financially but also to a very large extent in organization, choice of area, and organization of the development plan. We expect an even greater federal participation in regional development within the framework of specific ARDA provincial-federal programs.

We encountered an administrative problem at the beginning—a constitutional problem—but there has now been enough evolution that we can have true participation by governments at every stage—planning, implementation and administration.

**Mr. Matte:** I would like to ask one other question. Has the Canadian Livestock Feed Board exercised any notable influence on prices since it was founded?

**Mr. Sauvé:** Although the Act was passed only last fall and the members of the Board did not take up their positions until the first of April, I am surprised to note that we have had an important influence on prices. I am sure, however, that brokers and businessmen know that the Board exists for the purpose of watching the evolution of prices. This alone is a useful role.

(English)

**The Vice-Chairman:** Before leaving, would the Committee agree to stand Item No. 1 next

Tuesday and deal with Forestry Items 15, 20 and 23 of the estimates?

**Some hon. Members:** Agreed.

**Mr. Herridge:** Mr. Chairman, just before we leave I have one question to ask, and will be very brief. I noticed the Minister mentioned the "war on poverty" repeatedly. I wonder why we have to parrot the United States slogans? Could we not adopt that historic Liberal slogan, "Peace and Prosperity for all Canadians".

**The Vice-Chairman:** Thank you Mr. Herridge.





OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations and/or a translation into English of the French.

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Translated by the General Bureau for Translation, Secretary of State.

LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS

Second Session—Twenty-seventh Parliament

1967

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

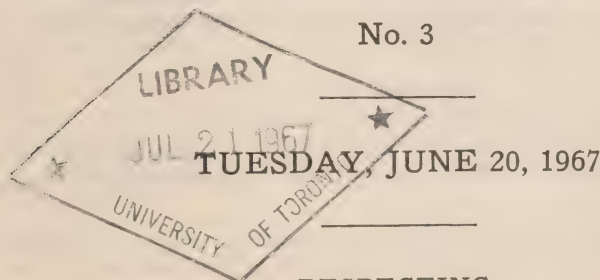
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*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3



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RESPECTING

Estimates (1967-68) of the Department of Forestry  
and Rural Development

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WITNESS:

*From the Department of Forestry and Rural Development:* Dr. M. L.  
Prebble, Assistant Deputy Minister, Forestry.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967

## AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Alkenbrack,	Mr. Gauthier,	Mr. Nowlan,
Mr. Asselin ( <i>Richmond-</i>	Mr. Gendron,	Mr. Olson,
<i>Wolfe</i> ),	Mr. Godin,	Mr. Peters,
Mr. Beer,	Mr. Grills,	Mr. Pugh,
Mr. Berger,	Mr. Herridge,	Mr. Rapp,
Mr. Chatterton,	Mr. Honey,	Mr. Ricard,
Mr. Choquette,	Mr. Hopkins,	Mr. Roxburgh,
Mr. Clermont,	Mr. Horner ( <i>Acadia</i> ),	Mr. Schreyer,
Mr. Comtois,	Mr. Johnston,	Mr. Stafford,
Mr. Côté ( <i>Nicolet-</i>	Mr. Jorgenson,	Mr. Stefanson,
<i>Yamaska</i> ),	Mr. Lefebvre,	Mr. Tucker,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Éthier,	Mr. Madill,	<i>guay-Huntingdon-</i>
Mr. Fairweather,	Mr. Matte,	<i>Laprairie</i> ),
Mr. Flemming,	Mr. Neveu,	Mr. Yanakis—45.
Mr. Forbes,	Mr. Noble,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

TUESDAY, June 20, 1967  
(3)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:40 o'clock a.m. The Vice-Chairman, Mr. Laverdière, presided.

*Members present:* Messrs. Alkenbrack, Asselin (*Richmond-Wolfe*), Beer, Berger, Clermont, Côté (*Nicolet-Yamaska*), Crossman, Éthier, Flemming, Herdridge, Horner (*Acadia*), Johnston, Jorgenson, Laverdière, Lefebvre, MacDonald (*Prince*), Madill, Neveu, Pugh, Ricard Roxburgh, Stefanson, Watson (*Château-guay-Huntingdon-Laprairie*)—(23).

*Also present:* Messrs. Hales and McCutcheon.

*In attendance:* From the Department of Forestry and Rural Development: Dr. M. L. Prebble, Assistant Deputy Minister, Forestry; Mr. R. J. Mulligan, Director of Administration; Mr. R. H. Dowdell, Director of Personnel Administration; Mr. L. Cameron, Director of Information; Mr. R. D. McAuley, Chief of Finance.

The Vice-Chairman introduced the witnesses and as agreed on Friday, June 1, 1967 items 1 and 3 of the 1967-68 Estimates of the Department of Forestry and Rural Development were allowed to stand and those items listed under Forestry, namely: items 15, 20 and 23 were called.

Dr. Prebble made a statement after which the Committee proceeded to question the witnesses.

Later, it was

*Agreed,*—That if the Committee completes examination of items 15, 20 and 23 of the Estimates on Thursday, June 22, 1967, then those items would carry and the Committee would proceed to items 25, 30 and 35 listed under Rural Development.

Questioning of the witnesses continuing at 11:00 o'clock a.m., the Vice-Chairman adjourned the Committee till Thursday, June 22, 1967, at 9:30 o'clock a.m.

Michael B. Kirby,  
*Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

**Tuesday, June 20, 1967.**

**The Vice-Chairman:** Gentlemen, we have a quorum. We will now commence.

I have the pleasure of introducing today the officials who are attending the meeting of the Committee on this department's estimates. They are as follows: Dr. M. L. Prebble, Assistant Deputy Minister, Department of Forestry and Rural Development; Mr. R. J. Mulligan, Director of Administration; Mr. R. H. Dowdell, Director of Personnel Administration; Mr. L. Cameron, Director of Information and Mr. R. D. McAuley, Chief of Finance.

It was agreed last week that the Committee would stand Items Nos. 1 and 3 and proceed to consider the items in the estimates under the heading of Forestry, namely, Items Nos. 15, 20 and 23. Is this agreed?

**Some hon. Members:** Agreed.

**The Vice-Chairman:** I will now call Item No. 15 and I will ask Dr. Prebble to make any comments he wishes to make on the three items.

### *Department of Forestry and Rural Development Forestry*

15 Administration, Operation and Maintenance, including grants as detailed in the Estimates, \$16,943,500.

**Dr. M. L. Prebble (Assistant Deputy Minister, Department of Forestry and Rural Development):** Mr. Chairman and gentlemen, Vote No. 15 covers the administration and operations of the forestry program. Taking the three sub-votes together you will note that there is an overall increase of \$4.2 million this year. This represents a 34 per cent increase in financial provisions and an anticipated increase of 33 per cent in establishment. This reflects our planned endeavour to increase our research efforts in all regions from Newfoundland to British Columbia in the specialized institutes.

In the days of rising salary costs an increase of one-third in establishment would not, of course, be possible without a somewhat larger increase in financial provision if all new positions were to be filled for the complete year. Apart from increased personnel provisions, the increases can perhaps best be summarized by looking briefly at the sub-votes. The principal area of growth for the administration portion is an additional quarter of a million dollars for more aid for research in Canadian universities. On the one hand we are doubling last year's \$90,000 program for extramural research grants and work will be carried out this year at some 17 different universities. On the other hand we are undertaking a new program to the extent of \$160,000 to provide assistance to the four Canadian universities that have forestry faculties. In the sub-vote for regional establishments increased funds are needed for field travel. We also expect to do more development work by contract, especially in silvaculture. In common with other departments, this year our operating vote makes provision for furniture. However, in previous years the Department of Public Works provided for this. The pattern of increases is substantially the same for the third sub-vote, which provides for a Forest Products Laboratory at Vancouver and Ottawa, the Petawawa Forest Experimental Station, the Insect Pathology Research Institute at Sault Ste. Marie and several smaller institutes in the Ottawa area.

May I speak on Vote No. 20 at the same time?

**The Vice-Chairman:** You may if you wish.

20 Construction of Acquisition of Buildings, Works, Land and Equipment, \$3,952,000.

**Dr. Prebble:** Vote No. 20 is a capital vote and it provides for equipment and construction. The provision this year for equipment for all Forestry Branch establishments is \$1.4 million. This has increased from \$1.2 million last year. This is principally to meet the an-



ticipated needs of new Staff. The \$2.5 million for construction is largely provided to make a start on a fairly extensive program for new and improved research facilities at locations from Saint John's, Newfoundland to Victoria, British Columbia. Apart from the new research laboratory which we hope will be started this year on the university campus at Edmonton for our Alberta regional establishment, this year's funds are mainly for pre-engineering, architect's fees, design and in some cases for site acquisition. If the members wish, perhaps I can briefly sketch what is being planned at the various locations.

• (9.45 a.m.)

We are working towards new regional laboratories; first at St. John's, Newfoundland on the campus of Memorial University, second at Fredericton on the campus of the University of New Brunswick, if satisfactory site arrangements can be arranged with the university authorities and at Winnipeg on the campus of the University of Manitoba. At Sault Ste. Marie the civic authorities have co-operated in making available to us a site adjacent to our existing Insect Pathology Research Institute. We plan to build a new regional laboratory there and also to increase the size of the building that is now housing the Insect Pathology Research Institute. We are planning extensions to our existing laboratories for the Quebec regional establishment on the campus of Laval University, and for the British Columbia region on the site of our recently completed laboratory in Victoria. At Vancouver we will be providing additional laboratory facilities over the next few years for our Forest Products Laboratory on the campus of the University of British Columbia.

Until these new facilities are available we face serious difficulties in getting interim accommodation. I should add that in addition to the efforts of our own staff in this regard we have received very helpful support from the Department of Public Works.

While that covers the major projects for which provision is made in our estimates, I should also add that the Department of Public Works is providing for an extension to our present Forest Products Laboratory on the Montreal Road, for a Forest Research Centre just outside Hull and for a departmental headquarters building in Hull.

I will turn now to other elements of departmental programs. Perhaps I need not say much about Vote 23 on pages 190 and 191 as the vote wordings are fairly specific and there are no new aspects on which to comment.

(Translation)

**The Vice-Chairman:** Thank you very much Mr. Prebble. Some members have already indicated that they have question and, therefore, I shall ask Mr. Clermont to put his questions immediately.

**Mr. Clermont:** Mr. Chairman, in connection with Vote 15, I notice that in Administration the staff has increased by 21 employees, in Research and Regional Services by 317 and in the Research Institute by 187, making a total of 525 employees. Is this staff evenly distributed throughout Canada?

**The Vice-Chairman:** While we are waiting if you have no objection, I should like to point out to the members of the Committee that they should always stand as close as possible to the microphones when speaking in order to facilitate simultaneous interpretation and recording.

**Mr. Clermont:** This is my question, Mr. Chairman: Is that staff increase, which according to my calculations amounts to 525 employees, evenly distributed throughout Canada or concentrated only here in Ottawa or in this region?

(English)

**Dr. Prebble:** I am having a little difficulty finding the 523, Mr. Chairman. Under vote 15 we have it broken down into three parts: administration, operation and maintenance at headquarters.

(Translation)

**Mr. Clermont:** Yes. You admit that there has been a staff increase of 21 employees in Administration.

(English)

**Dr. Prebble:** Yes, that is correct, sir.

(Translation)

**Mr. Clermont:** Three hundred and seventeen in the Research and Regional Services and 187 in the Research Institute, making a total of 504 employees. Has that staff been evenly distributed throughout Canada, in various provinces, or only concentrated here in Ottawa?

(English)

**Dr. Prebble:** Under the administration section the increase of 21 positions is entirely in the headquarters structure at Ottawa. Under regional research and services the increase is

distributed throughout Canada. Under the third subsection, which deals with the institutes and in which the increase is recorded as not quite 200, the increases are found at research institutes which are principally in the Ottawa area but we also have one at Sault Ste. Marie, one at Vancouver and also the Forest Products Laboratory on the Montreal Road. So, the increases in staff have been widely distributed according to the location of our headquarters structure and the various regional and institute laboratories.

• (9.50 a.m.)

(Translation)

**Mr. Clermont:** Under the heading of Sundries you show an amount of \$85,500 for 1967-68 compared to an amount of \$2,800 for 1966-67. Exactly what is covered by this \$85,500, mentioned on page 187 under the heading Sundries in Vote 15?

(English)

**Mr. Flemming:** Mr. Chairman, when the gentleman is asking a question could he give us the page number on which it appears? I have a bit of difficulty in locating the specific items.

**Mr. Clermont:** Mr. Flemming, I understand the page number is the same in French as in English. My question concerns Sundries, which appears on page 187.

(Translation)

**The Vice-Chairman:** To which pages do you refer?

(English)

**Mr. Clermont:** I just mentioned the page number, Mr. Chairman. It is page 187.

**Mr. Flemming:** Thank you.

**Mr. Clermont:** My question, Mr. Flemming, is related to the fact that at page 187 an amount of \$85,500 is shown for sundries.

**Dr. Prebble:** Under sundries we have provision for numerous small items including laundry, motor vehicle licences, cleaning and towel service and so on, at the various establishments throughout Canada and which are quite small. We also have provision for larger items, including visits to Canada of officials from other countries which have large forestry organizations. We have as well provision for participation by the Department of Forestry in the Festival of Forestry which is being organized as part of the proceedings in

the Vancouver district. This is associated with the Pacific Exhibition, in which the Department of Forestry has co-operated with the organizational group in making provision for visiting forestry graduates from the Pacific rim countries to attend the Forestry Congress in B.C. and the various industrial operations and university programs in British Columbia. This is a program which is being shared by a large number of countries on the Pacific rim as part of the Forestry Festival in Vancouver this year.

(Translation)

**Mr. Clermont:** On page 187, Mr. Chairman, I see an item of \$100,000: Participation in FAO Associate Expert Scheme or an Alternate Arrangement. What is the FAO?

(English)

**Dr. Prebble:** Yes. This is an item to provide for co-operation with the FAO as part of a program which they are sponsoring in various parts of the world to make it possible for new graduates in various resource fields to be assigned to underdeveloped countries for periods of from one to three years as assistants to senior FAO officers in those countries for the development of resources. The concept of this plan is that the better developed countries will co-operate with FAO in making funds available and in sponsoring participation by recent graduates in such a program. The details have not as yet been worked out. As far as Canada is concerned, this is a provision which will require a thorough review with Treasury Board before any such program is launched.

(Translation)

**Mr. Clermont:** Mr. Chairman, since comments have already been made regarding Vote 23, this will be my final question on Votes 15, 20, and 23. I believe you mentioned that in the near future an administration and research building is to be erected in the Hull area. Have architects for the construction of such buildings as yet been appointed?

(English)

**Dr. Prebble:** I am not even sure the architects have as yet been appointed. The engineering group and the research elements of the department are now in the process of working out the requirements for those two buildings. The requirements have been submitted to the Department of Public Works for the headquarters building but we are still in



the process of working out the requirements for the research centre in the Hull area.

(Translation)

**The Vice-Chairman:** Have you finished your questions, Mr. Clermont? In that case, Mr. Pugh, you may put your questions.

(English)

**Mr. Pugh:** What do you feel is the growth of your part of the department? Is it normal or do you feel you can cut down?

**Dr. Prebble:** I think the quick answer, of course, would be that it is not normal. The growth of our department was very, very minor for many years. At the direction of our Minister in 1964 we made a review of programs and problems in all parts of Canada and we were asked to make a submission which, in our opinion, would make it possible for the federal department to play its legitimate role in the field of forestry research and related services in Canada. We recommended over a period of five years, from 1966 to 1970-71, a doubling of staff which would greatly strengthen a large number of fields that were very poorly set up and established. These included such matters as fire research, economics and the forest products field, which was greatly undernourished, and that proposal was studied carefully by Treasury Board staff and by the Science Secretariat and in 1966 we received approval for the development over that five-year period. We are now in the second year of that growth and our recruitment has been very good. We have great hopes of attaining the extent of growth that we forecast would be necessary.

**Mr. Pugh:** In the carrying out of what you might term a five-year plan to 1971, will this put you in shape to do the job in forestry which you feel is necessary?

**Dr. Prebble:** We think the development that is now in progress will put us in good shape to do the job that is expected of the federal government in the field of forestry.

**Mr. Pugh:** Are you now running normally on this five-year plan? I noted in your opening statement, sir, rather a slight regret at missing out on a few things and I was wondering about this. You mentioned it was a difficult job to find interim quarters, and matters of this kind.

**Dr. Prebble:** Yes, We are running a little behind on the facilities. We are doing surpris-

ingly well on the staff increments. We have been able to recruit from many parts of Canada and in specialized fields we have drawn recruits from other countries. We are running behind on accommodation. In a sense we lost one year in our accommodation program because of the necessary studies that were required by Treasury Board and the Science Secretariat. On the personnel and program side we are somewhat ahead of our construction program and that has placed us in the position of having to make interim arrangements of various kinds, such as tent accommodation, using temporary buildings and huts and things of that kind to keep the program going.

**Mr. Pugh:** I would like to make a slight switch here and deal with the relationship with the provinces and as I am from British Columbia perhaps I should stick to that province, although other members may ask questions about it. I should imagine there is a very close liaison between the provincial Lands and Forests departments?

**Dr. Prebble:** That is indeed true, sir. We have had very close relations in British Columbia for over a quarter of a century. Recently we instituted a device to greatly increase the collaboration between our departmental people, provincial people, university people and people in industry. We have set up a series of regional advisory committees in every part of Canada where we have establishments and where the examination of problems, the derivation of programs to solve those problems and the establishment of priorities is a process which involves the provincial, industrial and university people very heavily.

**Mr. Pugh:** Is that advisory committee made up of federal appointments or is it across the board?

**Dr. Prebble:** In British Columbia we have two senior men from the Department of Lands and Forests, a Deputy Minister and a man in charge of research. We also have the Dean of the Faculty of Forestry and representatives from the major forest industry associations in the province sitting on that committee.

**Mr. Pugh:** In your discussions, sir, and that could be general throughout Canada—what is the concentration of provincial requests for federal participation or aid? What are the main lines of that?



**Dr. Prebble:** I am not sure that I know what you means by "concentration; sir.

**Mr. Pugh:** I was thinking of it from a provincial point of view. What is the greatest area of request for help or participation?

**Dr. Prebble:** It varies somewhat from province to province, sir. In all parts of Canada the requirements for protection against insects, disease and fire are a very dominant feature, particularly in the case of insects and diseases because provincial organizations have no such program of their own. Help on fire research is also given throughout Canada. We have had many requests for participation in programs in silvaculture and forest economics, and, of course, there are many requests from all parts of Canada for co-operation in the field of forest products, research into which is carried out largely in our two labs, the Ottawa one covering from Saskatchewan east and the Vancouver one covering Alberta and British Columbia.

We have had many requests from various provinces to assist them in voluntary regeneration, especially after logging or fire. From some parts of Canada we have had requests to devise techniques and methods of establishing forests on barren and bog lands and of getting full production.

We have received many requests for assistance in inventory techniques and for studies in growth and yield so that the productive capacity of the forest can be forecast as a basis for establishing industry.

It is fair to say that we have had requests that cover practically the whole field.

**Mr. Pugh:** I gather from what you have said that you would like to see a good deal more going into research, whether through universities or the established laboratories?

**Dr. Prebble:** We have a growing program of collaborative work with the universities. I mentioned 17 universities with which we now have co-operative research contracts. These are fields of work in which we feel that the universities, with their facilities and specialized staff, can quite frequently make better progress in a particular aspect than we can in our own establishments. Those are very often designed as one to three year projects which can be done on a concentrated basis by a member of a university faculty with his graduate students, and can be done, as we say, as a succession of rather short term research projects which do not require the com-

mitment of our staff; in other words, it is collaborative. The work is carefully designed to be complementary to our own and to provide opportunities for graduate students.

The other aspect of the co-operative work of the universities deals primarily with the strengthening of the research capability of the forestry faculties in Canada. Traditionally, they have been quite deeply involved in professional activities but not so much in research programs. During the last year or two, as an aid to increasing what might be called the professional competence of the forestry schools to produce well-qualified graduates, we have come to the conclusion that it is in the interest of everybody, including that of the Department, to assist them to build up research competence in the graduate schools. We have programs going on now at New Brunswick, Laval, Toronto and British Columbia with that aim in mind. That is the \$160,000 I was referring to earlier.

**Mr. Pugh:** Sir, if I may change the subject, you consulted about, or were you on any committees dealing with, the Kennedy Round of the last several years?

**Dr. Prebble:** No, sir.

**Mr. Pugh:** Do you feel that our forestry industry may be adversely affected under GATT, or by any changes in GATT?

**Dr. Prebble:** I do not feel that I am competent to answer that question. We do not have our economist with us today. I am afraid it is a matter beyond my competence.

**Mr. Pugh:** That is all right, sir.

(Translation)

• (10.06 a.m.)

**The Vice-Chairman:** Have you finished your questions, Mr. Pugh? Mr. Herridge had some questions to put.

(English)

**Mr. Herridge:** Mr. Chairman, first of all, may I say that I think Dr. Prebble used a very appropriate agricultural term when he said that some of his programs are undernourished. I hope that is recognized in certain quarters.

I am very interested in the agreements that are provided for in the Forestry Act. Would you mind explaining to the Committee the procedures that are used in order to obtain an agreement with a province for certain work

such as inventories, firefighting research, disease control and so on to be undertaken in that province?

**Dr. Prebble:** A typical case would be something like this: There is a problem in a provincial region that involves an assessment of hazard, the development of a co-operative survey program, the essential research to devise control methods and then, eventually, the execution of a control program. What I am saying here applies in a sense to the budworm problem in the east and to the balsam woolly aphid problem in British Columbia. Essentially, we can carry out the surveys with our own staff. We work out cooperative arrangements on research programs. If there are controls that can be applied, agreements are worked out, between the Department and the province, on the nature of those controls, and estimates are made on the financing.

In the case of the budworm problem in New Brunswick and, at one time, in Quebec, and the balsam woolly aphid problem in British Columbia, the costs have been shared between the federal government and the provinces.

In the case of the budworm problem in New Brunswick it has been a three-way sharing. The industry has been very much involved in cost-sharing, too. It is one-third the province, one-third industry, and one-third federal government.

**Mr. Herridge:** Would you mind informing the Committee of the techniques used by your branch in taking a forest inventory on stand and possible growth?

**Dr. Prebble:** That work, of course, is not part of the agreement at the present time, Mr. Herridge. The inventory programs are part of the composite agreements which, as you know, came to an end in March.

**Mr. Herridge:** Yes, I realize that; but would you mind explaining the techniques you are using.

**Dr. Prebble:** The techniques used depend very heavily on aerial photographs and photogrammetric estimation of the density of stands on the aerial photographs, with checking on the ground. The actual inventory program has, of course, been carried out by the province. We have a research program going on on aerial photography, on photogrammetric techniques and the estimation of timber from those photographs. That

information is of course, made available to the provinces, some of which have their own quite extensive inventory research programs. British Columbia has had one for many years.

I think it is safe to say that the techniques that have been used generally are essentially based on the very sophisticated use of aerial photographs and the estimation of timber from the photographs based on the stratified sampling checks made on the ground.

**Mr. Herridge:** When you say "checks" you mean cruises over limited areas multiplied by the areas concerned?

**Dr. Prebble:** In that case, sir, I mean using the photographs in which the various forest types are delineated and making spot-checks on a particular area to see how closely the check on the ground compares with the estimation made from the photograph itself. In this way you get a concept of the error involved in using the photograph as a basic source of information.

**Mr. Herridge:** What does your Department do before it contributes to, we will say, an inventory survey? How do you check the expenditure? Is there any check by your Department on the areas concerned?

**Dr. Prebble:** Yes, sir. During the life of the composite agreements, in each of the regions we had attached to our establishments men who worked very closely with the provincial people and made what one might call an audit of the work going on. This covered not only inventories but also reforestation, access roads and the whole program. We called them our provincial agreements officers, and they worked with the provinces and certified that the work had been done satisfactorily before payments were made.

**Mr. Herridge:** And were they in close touch with the inventories being undertaken at that time?

**Dr. Prebble:** Oh, yes.

**Mr. Herridge:** In the area?

**Dr. Prebble:** Yes sir. I should not say that the provincial agreements officer was in every part of a large province being sampled, but he was in touch with the inventory officials in the province and was satisfied that the work was proceeding according to design.

**Mr. Herridge:** And the agreement?

**Dr. Prebble:** And the agreement, yes.



**Mr. Herridge:** How do you develop your forest products program? I know generally, but do you get representations from various organizations to undertake a study in a particular field with respect to forest waste and things of that kind?

**Dr. Prebble:** Yes; for many years there has been continuous contact between people in the forest products industry and the forest products laboratories. Until a couple of years ago there was an organization known as the National Advisory Committee on Forest Products Research. It was rather large and unwieldy and attempted to cover the whole field in a very short time.

A year ago it was recognized that that was rather less than adequate so we have set up seven committees representing industry in the various fields of forest products. In British Columbia there is one such committee on timber engineering, one on lumber and a third on plywood. In eastern Canada there are four committees, one on lumber, one on plywood, one on the furniture industry and one on preservation.

The members of those committees are drawn from the industrial associations which are specializing in those various products fields. There is cross-representation between the eastern and western committees so that the one on eastern lumber, for example, has representation from the committee on western lumber. Therefore, there is a good cross-connection between the two. Again, the programs are developed on the basis of the assessment of problems, the development of programs, the establishment of priorities and the periodic assessment of the work being done. I think it is safe to say that 75 per cent, or more, of the work being done is in response to requests from the forest products industry.

**Mr. Herridge:** What is being done to make the people in the areas concerned aware of the information obtained as a result of these agreements? I have always believed that it is a good idea to get the people concerned interested and knowledgeable about what is being done by the federal government and the provincial government in these agreements. Have you any sort of arrangement to issue press releases, or give interviews to the press, to indicate what is being undertaken, and why?

**Dr. Prebble:** I would like to know, sir, if you are referring particularly to agreements or to the work in general? If you are referring to the work of our establishments in

general, or primarily to the work undertaken by the provinces under the former agreements, the answers are somewhat different.

**Mr. Herridge:** First of all, with respect to the agreement.

**Dr. Prebble:** I think it is safe to say, sir, that the federal government's participation in the agreements was not very accurately publicized among the local people.

**Mr. Herridge:** Personally I think that was a mistake. I am very interested in this subject. I have heard a number of people asking, "What are these people doing here?" and "Who is paying for it?" and so on. I think they should be informed of what is happening.

**Dr. Prebble:** I think, sir, that it was generally found that the provincial authorities who are carrying out the inventory program, the reforestation program, the access roads program, the fire protection program and the stand improvements program, felt that they were really quite largely their programs, with help from the Federal Government and that we were not publicizing the role of the federal government very much in those programs, except at such things as national conferences, and so on; but certainly not among what one might call the local populace.

**Mr. Herridge:** Yes. I think this is a mistake. People should realize that these are co-operative programs as the result of an agreement.

**Dr. Prebble:** Yes.

**Mr. Herridge:** What about the work of the Forestry Branch itself?

**Dr. Prebble:** We go through quite a variety of process. The research contributions, of course, are published in various ways in the trade and professional journals. We also have a series of departmental publications about our work put out by the Queen's Printer. We have what one might call two house organs that are directed to people in the forestry and products fields. One of them is known as "Research Notes," which is a popular type of thing, based on the work of all our establishments. We have another one which is known as "Bi-monthly Research Notes" which is aimed more at the professional people.

In the various establishments we have information and liaison officers. The information officers are primarily concerned with informing the public, through press releases, newspaper articles and occasional articles in



the trade journals, of the work that is going on. In at least two regions they also put out very abbreviated statements on the current work in progress. The liaison officers are working with the people in the industry and in the provincial departments, on a day-to-day basis, on collaborative programs, participating in the assessment of problems and acting as a link one might say, between the user of the research information and the producer of it.

Those activities have been quite extensively increased in the last couple of years, because I think we were previously deficient in that kind of program.

**Mr. Herridge:** Yes. I receive the departmental reports and publications and a number of trade journals, which I appreciate very much indeed, but I was thinking particularly of informing the public in terms that they can understand.

I represent an area which produces over 200 million board feet of lumber a year. I cannot get used to speaking in terms of cubic feet; I was born too soon. I do think that a lot more could be done—and I am glad to know that it is being done—to inform the public of what your Department is doing, especially in those areas that are particularly interested in forestry.

• (10.19 a.m.)

(Translation)

**The Vice-Chairman:** Have you finished your questions, Mr. Herridge? We shall hear now from Mr. Flemming, if he will kindly ask his questions.

(English)

**Mr. Flemming:** Thank you, Mr. Chairman. I would like to ask Dr. Prebble for a general statement on what he considers the research activities of the forestry Department have been able to accomplish in increasing the annual increment of the forest itself as compared with, for example, the Scandinavian countries? I know that a few years ago we were substantially behind them. Do the recent figures indicate that we are to some extent closing the gap? In other words, are we increasing ours by the application of the research, about which we are all very much in agreement?

**Dr. Prebble:** That is a very broad question, Mr. Flemming.

**Mr. Flemming:** I realize that.

**Dr. Prebble:** I will do my best to answer it, as briefly as I can.

In the objective that you have outlined I think it is fair to say that there are quite a number of component parts, many of which will depend, in the final analysis, on the intensity of management of a particular area. I think it is true to say that much of our potentiality has not been realized because of the very extensive, as opposed to intensive, use of the forest land. We have also been quite badly plagued by both serious fire, insect and disease losses.

Our program, I think, can be stated to start with a better appreciation of the land base itself; in other words, the potential of forest lands to produce. We have quite a large program going on in which our people are really interested in the basic resource, the land, and have been working very closely with the provinces and industry in land classification, to give a clearer picture of the potential productivity value of that land. It has been quite active in the east, in Quebec and Ontario, and even in British Columbia. I think it has probably been more intensive in some aspects in British Columbia than in other parts of Canada. We have collaborated very extensively with the industry people in making critical assessments of the land and in giving figures on potential productivity, as a guide to management by the industry.

We have several groups working on the question of the growth in yield on forest land. In our headquarters we have a group which is very seriously concerned with the whole question of forest management research, including the use of photographs for stand estimation, which I referred to earlier.

There is also another group which is very much concerned with the question of growth and yield and the means of maximizing these through such things as fertilization, stand treatment, spacings and use of species. At this stage this is in what you might call the experimental or study phase. It is not possible to say at this moment that the concepts, both in yield and in stimulation of forest development, have been put to use, but they have certainly stimulated the provincial and industrial people into thinking more about the potential base that they are administering.

We have been deeply involved in programs leading, we hope, to the reduction of loss through insects, disease and fire. We are strengthening our fire insurance much more substantially than other elements, because it was very badly undernourished before.

We are quite heavily involved in programs designed to produce improved techniques for

getting the land regenerated after fellings or after fire has killed the original stand.

We have been very much involved in programs of plantation study, species involved, rates of growth, problems of soil fertility and the reduction of insects and diseases and of losses in plantations.

We have groups in the forest products laboratories who have been concerned with the techniques of harvesting so that materials that were once considered uneconomical will now be taken out at a profit. That is tied in quite heavily with the products field.

Groups are now starting a program on economic studies. This has been very badly lacking in the past. Our programs on forest economics will be collaborative programs worked out with provincial and industrial officials.

This may have been a rather roundabout, and probably not too explicit, response to your question, but it is the best I can do, Mr. Flemming, unless you can indicate a little more closely...

**Mr. Flemming:** Mr. Chairman, I asked a general question and I expected a general answer. Thank you, Dr. Prebble.

You were speaking about the program for the combating of insects. We, in New Brunswick, of course, are greatly interested in that because, as you know, we have had a spraying program for quite a number of years, and I notice that Item No. 23 continues it this year.

As a matter of fact, this being the time of the year when the aeroplanes spray the forest, I have seen it being done. I have received some complaints that the strength of the spray is harmful to wildlife, especially to birds and fish. Would you care to comment on that feature at the moment?

**Dr. Prebble:** Yes. As you know, Mr. Flemming, this program has been going on in New Brunswick since 1952. The information we had about the use of DDT originated in the United States, and it prescribed one pound per acre as standard prescription.

We started a fairly intensive study in 1952, on the spraying, and we carried it on year after year.

I think it is true to say that the liaison between our Department, the Fisheries Department and the Canadian Wildlife Service was inadequate during the first few years of that program and we became aware, some five or six years after the program was start-

ed, of the concern of other people. This led to the holding of a national conference in the winter of 1957-58. We were in trouble in British Columbia at the same time, sir.

At that time there was set up a committee known as the Interdepartmental Committee on Forest Spraying Operations on which the Department of Fisheries, the Department of Northern Affairs and the elements which are now the Department of Forestry were represented. The object of that Committee was to make a thorough annual review of all programs in any part of Canada which might require action through the use of insecticide distributed from the air. This was done, firstly, so that the assessment would be one representing the various resource interests; secondly, to recommend the research that might be needed to close gaps in knowledge; and, thirdly, to encourage the application of the results of that research in actual practice.

This is all by way of preamble to your question, sir. That Committee has been very much concerned with the operations in New Brunswick. They have had a very close working relationship with the Fisheries Research Board, the Department of Fisheries, the Canadian Wildlife Service and the forestry elements.

The research program undertaken as a consequence of that enquiry in the winter of 1957-58 led progressively to the reduction in the application of DDT from one pound to one-quarter pound per acre.

The decisions about the action to be taken in New Brunswick were joint decisions involving the Departments of Fisheries, Wildlife and Forestry from 1958 onwards. No action unacceptable to the elements of the three departments and their respective ministers has been taken. That naturally meant compromise, because some damage has occurred to forests as a result of reducing the concentration of insecticide, and to birds and fish because insecticides were used at all.

• (10.30 a.m.)

However, the action which has been taken has been the result of an acceptable compromise amongst those three major interests. Of course the Department of Fisheries were anxious that DDT should not be used at all, if this were possible. We conducted quite an extensive program, which is still continuing, to find a suitable alternative. We have been using an organophosphate insecticide known as Phosphamidon, which was fine from a forestry point of view—



**Mr. Flemming:** I understand that is the one that kills the birds.

**Dr. Prebble:**—and very satisfactory from a Department of Fisheries point of view, but unfortunately it was not very acceptable from the point of view of the wildlife people. There was a question concerning the method of application and also about reducing the dosage from what it is was initially. This year we are conducting a program having to do with another organophosphate material which at this stage it is considered will probably be acceptable to the forestry as well as the fisheries and wildlife people.

I want to emphasize that the programs that we have been conducting have been joint programs. In New Brunswick at the present time I think we probably have the most comprehensive program of any part of North America on that whole problem, and this involves the fishing people, the wildlife people, both federal and provincial, and university people from Prince Edward Island and Ontario who are doing work on residues in the soil. It is a fully-rounded program. I must repeat that the operational program which is carried out each year by Forest Protection Limited on behalf of the province of New Brunswick is a program which is designed months in advance and it is approved by the various resource interests before it is undertaken.

**Mr. Flemming:** Thank you, Dr. Prebble. I do not want to monopolize the time of the committee but I have one or two further questions which I think will be of interest to everyone.

In connection with the agreement with the provinces, at one time we were sharing the cost of the production of forest inventory figures, reforestation, forest fire protection, forest access road construction and stand improvement. As I understand it this has now been discontinued as far as the agreement is concerned and the money is now turned over to the provinces under a different arrangement. I am not criticizing that arrangement, this is not the place to complain about it. but this is what I would like to know, Dr. Prebble. In connection with your understanding with the provinces, has there been any agreement by the provinces that stand improvement activities, for instance, or access road activities, or things that will really stimulate the production of forest products, will be continued? Is there any understanding—within

the general heading and under which the federal government participates under the blanket of federal-provincial relations—that they will continue some of these programs which the federal Department of Forestry considers are most important to the forest industry generally?

**Dr. Prebble:** No, sir. As you know, the composite agreements came to an end on March 31. We tried to close the gap in another way but it is being done on a rather modest scale at the present time. There was a provision in the estimates last year and again this year for what was called a Research Development Fund, which is a provision for working out contractual arrangements with provinces or industries for setting up projects to demonstrate the utility of some of the research findings. This might be applied in silviculture, fire protection, control techniques of various kinds or it might be applied in the use of fertilizers. This program has been quite active and we hope it will develop much more over what it is at present. The purpose of this program is to take research results and demonstrate to industry and the provincial departments that this research really has some utility in practice. We pay the contracting authority for carrying out well-conceived projects and assessing them, hoping that by demonstrating they have a practical utility it will stimulate more widespread use. Of course, that is not exactly the situation which prevailed under the agreements because they were operational programs and needed no demonstration. However, at the present time we have no provision for continuing the programs that were part of the Composite Forestry Agreements.

**Mr. Flemming:** I assume your answer applies specifically to forest fire prevention. In my opinion forest fire prevention is one of the ways in which the forest can be protected. There is no such thing as fighting a forest fire. When it gets to be a conflagration it simply cannot be fought. The only thing that can deal with it is the elements. We often hear that so many men are out fighting a forest fire. As I said before, there is no such thing as fighting a forest fire. Sometimes you can contain it but you certainly cannot fight it. I think for that reason the provinces, which are our largest land owners should be very conscious of the need for forest fire protection. This is true in the province from which I come. I also think there has been a



great improvement in that direction in the last 10 or 15 years. People are becoming more conscious of the need for taking care, and this sort of thing.

My question was specifically directed perhaps more toward forest fire prevention than any other feature because it seems to me that if ever there was a case where an ounce of prevention was worth a pound of cure it is in fighting forest fires. I was hoping that possibly there was an implied understanding with the provinces that because of the financial resources which are supplied they must of necessity indulge in a good deal of forest fire prevention activity.

**Dr. Prebble:** Sir, there are two programs that I think are relevant in relation to your question. It was again New Brunswick that initiated for the first time in Canada a program, and this was one in which the department was heavily involved, comprising Telex assembling of fire hazard data and making it available to the general public, and particularly to companies and the provincial departments, very frequently throughout the fire season. That program is still being carried on in New Brunswick and this year it has been extended to Quebec. It gathers information made available through the meteorological branch and gives an interpretation which is of particular significance in relation to forest fire protection. This is a program which we believe has turned out to be quite a valuable one.

On the research side, of course, our people are heavily involved in the study of hazards. What constitutes hazards under different conditions found in the woods and under different meteorological conditions. That program is being very heavily strengthened by the aid and encouragement of the provincial departments and the industry. This is a critical study of what constitutes hazards and it provides, of course, a means for the application of the hazard rating systems which are broadcast periodically throughout the provinces during the fire hazard time of year. When I say periodically I mean several times a day. It is not infrequent. It is frequent enough to constitute a guide to operations and forest travel.

**Mr. Flemming:** Thank you. I think with the emphasis which is placed on recreation and recreational activities that it becomes something to which we have to devote more and more attention.

My final question, Mr. Chairman—and I apologize to the committee for taking up so much time—relates to figures near the bottom of page 186. I refer to the increase in the Grants in Aid of Forestry Research from \$90,000 to \$340,00. I am not criticizing, I am not merely asking Dr. Prebble if he could give us some details on how this is made up.

• (10.40 a.m.)

**Dr. Prebble:** I mentioned earlier that the extramural research program which is being carried out at universities is being doubled from \$90,000 to \$180,000. The \$90,000 referred to in the 1966-67 was simply the extramural research program. That has now been increased to \$180,000. Simultaneously with that we have started this year for the first time a program of research support in the forestry graduate schools. This amounts to \$160,000. The \$180,000, which is a doubling of last year's entry, together with the new program of assistance to the forestry schools of \$160,000 totals \$340,000.

**Mr. Flemming:** Thank you. I have one further minor question. You spoke about construction of facilities on the campus of U.N.B. I think it might be understandable if I evidenced some special interest in this matter. Would you give us some detail on it?

**Dr. Prebble:** Yes. There is on the campus there as you know, a rather small site which was occupied by a entomology-pathology laboratory which was built around 1952 and occupied about two years later. While that is quite adequate for the strictly entomology-pathology program it is quite inadequate for the program that the department is carrying out. Here are also other elements in Fredericton that are housed in the old post office building because they could not be accommodated in that laboratory. At the same time, we are anxious to increase our program in the Maritimes by approximately doubling it over a five year period. We had an examination made of the site on the campus to see if there was any possibility of putting the required construction there and the answer on the university side was that it would not be particularly pleasing. There were certain restrictions concerning the height of buildings and the means of developing them and the Department of Public Works were very much against an attempt to erect on a 3½ acre site something which would require at least three or four times that space. We have been nego-

tiating with the university authorities for the last year or more concerning an exchange of one site for another. When we vacated that building, according to the initial terms of the agreement with the university, it will have to revert back to university. At present we are on the verge of acquiring a new site further up the hill. The unfortunate delay which has taken place has been caused by some slight confusion between the city authorities and the university authorities concerning an access road on to Regent Street. As soon as that access road situation is cleared up we will be able to go ahead.

**Mr. Flemming:** Thank you, Dr. Prebble.

**Mr. Johnston:** My question has to do with a rather small point. At the top of page 187 under Canada's Share of the Cost of Developing a Multilingual Forestry Terminology it shows that the estimate has increased from \$5,400 to \$12,900. Is this a program that is just beginning, well under way or nearly completed?

**Dr. Prebble:** This was set up some years ago as a joint program of the International Union of Forest Research Organizations and the FAO and it had Treasury Board approval for a five year period. The \$5,400 entry covered the annual contribution to the production of what was basically English terminology. It was decided that the English language would be used for the basic terminology and from which suitable editions would be put out in other languages. This increase from \$5,400 to \$12,900 is to provide a contribution to the production of a French edition of the terminology.

**Mr. Johnston:** How many other countries are involved, Dr. Prebble?

**Dr. Prebble:** I am sorry, I do not think I know how many other countries are involved. It is a joint enterprise under the International Union of Forest Research Organizations and FAO, which comprises many participating countries, but I cannot say offhand how many are involved.

**Mr. Johnston:** Would one then assume an equal sharing by all of the members involved?

**Dr. Prebble:** I expect that Canada will pay a somewhat larger share than some of the smaller countries. I imagine the United States and Canada will probably be sharing about equally but some of the smaller countries will

be paying substantially less. Our share of it will only be for the English and French versions. The German version will be paid for by the German-speaking countries, and so on. We are only involved in contributing to the English and French versions of the terminology.

**Mr. Johnston:** I would find it a bit odd if we had a multilingual forest terminology and then an English and a French and a German version of something which I should think would be complete. It seems to me in some areas—for example, soil sciences—we get along with the Russian terminology and we let other countries learn the terminology in the area. People working in psychology learn the German terminology, I should think, and then transpose it into their own language. I was wondering, what the basis was in connection with forestry, for working in this way?

**Dr. Prebble:** I am not a linguist, sir, but I think this probably represents two things in one nutshell. First of all there is the desire of people to use definitions which are in their own language and, secondly, to ensure that the version of those terms in the different languages mean the same thing. I cannot go much further than that by way of providing an explanation for it.

**Mr. Johnston:** There was mention made of five years. How many more years would you expect it would take to complete the program?

**Dr. Prebble:** I think it has another two or three years to run. It is two years for the English program, sir, and the French program is now on its first year. The French will presumably run for another four years.

**Mr. Johnston:** Thank you.

**Mr. Lefebvre:** I believe Mr. Flemming asked most of the questions in which I was interested. I wanted to ask you, Dr. Prebble, about these grants in aid of forestry research. Would it be too much trouble for you to enumerate for us the names of the universities and the amounts of these grants?

**Dr. Prebble:** Our program for 1967-68 includes those that are now in their second or third year and others that are to be started in 1967-68. Those that are continuations of earlier programs, and I will read them in sequence, are as follows: University of Manitoba, University of New Brunswick, University of Calgary, University of Guelph,



Macdonald College at McGill, University of Saskatchewan, University of Victoria, another one at the University of New Brunswick and another one at Queens University, McGill University and the University of Toronto. Those are the ones which presently exist and they amount to \$54,000.

**Mr. Lefebvre:** Is that \$54,000 in total, sir, or each?

**Dr. Prebble:** That is in total. The ones I have listed vary from \$3,000 to \$9,000. We have a considerable number that are presently under review, the awarding of which depends, of course, upon the results of the estimates review. These are from the University of New Brunswick, the University of Waterloo, the Nova Scotia Technical College, Dalhousie University, McGill University, Queens University, University of Toronto, University of Alberta, University of British Columbia and Laval University.

**Mr. Lefebvre:** These are all new programs?

**Dr. Prebble:** These are new programs which will be started this year, depending upon the passage of estimates.

**Mr. Lefebvre:** I understand the federal government owns only one—I guess you could call it—forestry farm and I believe it is near Petawawa. Is that correct?

**Dr. Prebble:** It is on National Defence land at Petawawa. We have a working agreement on quite a large piece of land there. At the present time it is National Defence land and we are there as non-paying tenants on a long-term basis.

**Mr. Lefebvre:** Is some of this research being performed on this particular piece of ground?

**Dr. Prebble:** Yes. We have a good program in operation there covering forest soils, tree breeding, genetics, silviculture and also a fire program. At that station we have the elements of two of the institutes which we established in the Hull area on soils and tree biology. They are housed there for the time being because at the moment we have no accommodation in this particular area for them.

**Mr. Lefebvre:** Does this principally relate to red pine or white pine, or what type of trees does your program cover?

**Dr. Prebble:** There has been a lot of work done on pine types, the white and red pines, in that area because it is a pine area. There has also been some work done on the tolerant hardwoods of the area, the yellow birch, maple, and so on. However, the work is particularly centred around the important types of the region, which are the pine types. We are also conducting quite an extensive program there on tree improvement. Materials are gathered from various parts of Canada and tested and the results are compared region-to-region, according to the source of the material. That program has covered spruce as well as red pine.

**Mr. Lefebvre:** Does quite a bit of your research pertain to woods for pulp and paper manufacture or is it mostly for lumber?

**Dr. Prebble:** In the forest products field we do not duplicate the work of the Pulp and Paper Research Institute, which is located outside of Montreal, that is concerned with pulping and paper. We are doing a limited amount of work on pulping, particularly in our Vancouver laboratory, in connection with species which are not now being used by industry or materials which have deteriorated because of fire, insect or disease attack. I think that our program covers the important tree species of Canada regardless of whether they are going into pulp and paper, lumber, plywood or whatnot. The end product depends on area as well as on species.

**Mr. Lefebvre:** Your interests are principally in the growth and not the end result of the product?

**Dr. Prebble:** In the Forest Products Laboratory we are very interested in product development. As I explained earlier the work of the Forest Products Laboratory is mainly built around harvesting, basic properties, physical properties, chemical properties, timber engineering, preservation against rot, insect attack and fire, coatings, aid to the furniture industry in dimension stock and finishes. We are doing a lot of work on veneers, adhesives and the formation of plywoods. I think that covers the major areas.

**Mr. Lefebvre:** Would your work on harvesting include trials of new machinery used in the harvesting of lumber in the forests and the methods of harvesting?

**Dr. Prebble:** Our work on harvesting has primarily been concerned with residue mate-



rial, small sizes and materials that under former conditions would have been left as waste. In other words, finding out what volumes of such residue materials there are on the ground, whether they constitute economic values and methods of getting them out and making products of them.

We have not been heavily involved in equipment development. Equipment development is a matter that has been quite largely taken up by the forest industries themselves. They have received some assistance from the Department of Industry if it is a question of devising new techniques or the development of equipment, prototypes of which have already been demonstrated as well as the feasibility. We have not been heavily involved in the devising of logging machinery or anything of that kind because we have not been competent to do so. The equipment industry and the forest products industry have been heavily involved in that program.

**Mr. Alkenbrack:** Mr. Chairman, I have a few questions. Speaking as one who has had to depend on forest products for a living all his life, I am quite interested in this department.

**Dr. Prebble:** what services does the Forest Products Laboratory on the Montreal Road perform?

**Dr. Prebble:** The laboratory on the Montreal Road carries out programs in all the fields I have mentioned with the exception of the pulping field. It provides liaison services to the lumber industry, the plywood industry, the furniture industry and the preservation industry. It is strongly represented on a large number of the committees which have been drawn up for the development of standards. It is involved in packaging research in the sense of designing packaging of products which will give good protection to the contents. It is heavily involved with NRC in the Division of Building Research on the engineering aspects of building programs. It is quite heavily involved in the fire-proofing of wood by using various coatings and impregnations. I think it is safe to say, sir, that it is very heavily involved in the analysis of problems in the forest products industry. It is heavily involved in research and in seeing that research through to participation in committees, work programs, and training programs. It trains people in timber grading problems. I think you might say that it runs the whole range of activity from problem

analysis and co-operation with the industry to attempts to encourage the application of research results.

**Mr. Alkenbrack:** Should not some of that very expensive research be done by private enterprise? We have a number of giant corporations across this country, and especially in the west, that can well afford to conduct their own research and which should be done by private enterprise. Are you not, so to speak, infringing on research and there are places where the taxpayers' dollar could be spent to far better advantage in the natural field, in the forest itself.

**Dr. Prebble:** We keep in very close touch with the Pulp and Paper Research Institute in Montreal. As I indicated earlier, there is no overlap there. We are well aware of the work being done by some of the large corporations, such as the Abitibi Corporation and the MacMillan Bloedel Corporation in British Columbia. As a matter of fact, representatives of those industries, especially the ones in British Columbia, are sitting on our research program committees for the forest products field. I think it is probably safe to say that the requests we get from industry are far greater than our ability at this time to satisfy. I think the one segment of the industry which feels it should do more than it has been doing is the furniture industry. Our part in the furniture industry has been very largely in the study of dimension stock, coatings, adhesives and things of that kind.

**Mr. Clermont:** Mr. Chairman, I wonder if the gentlemen would allow me to ask a short supplementary question? It is my understanding, although we know the natural resources belong to the provinces, that the Forestry Department is mostly if not entirely research?

**Dr. Prebble:** That is correct, sir.

**Mr. Alkenbrack:** Do these corporations assist you financially in any of your research out there or does the federal government take care of the total cost?

**Dr. Prebble:** We have received very extensive co-operation from the industry in the field, in the harvesting work and also in what I might call plant research, plant work. In other words, some of our research programs are better carried out in the plants of the industrial concerns. We have had very good co-operation from them in that respect.

**Mr. Alkenbrack:** But they only contribute that way, they do not contribute financially?

**Dr. Prebble:** They do not contribute dollars, no.

*(Translation)*

• (11.00 a.m.)

**The Vice-Chairman:** Mr. Alkenbrack, please excuse me, but on Thursday next you will be the first to be allowed to put several further questions, if you so wish. We have to vacate this room, as another committee is

about to hold a meeting here. The same applies to the three other members who have already informed me that they have questions to ask. Now if we could bring our examination of these three votes—15, 20 and 23—to a fairly rapid conclusion, would the Committee be agreeable to inviting the persons in charge of rural development to next Thursday's meeting?

*(English)*

Does the Committee agree to this? This meeting is now adjourned until next Thursday.

**OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE**

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**LÉON-J. RAYMOND,**  
*The Clerk of the House.*



HOUSE OF COMMONS

Second Session—Twenty-seventh Parliament

1967

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

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*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

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THURSDAY, JUNE 22, 1967

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RESPECTING

Estimates (1967-68) of the Department of Forestry  
and Rural Development

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WITNESSES:

*From the Department of Forestry and Rural Development: Dr. M. L. Prebble, Assistant Deputy Minister, Forestry; Mr. André Saumier, Assistant Deputy Minister, Rural Development.*

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Alkenbrack,	Mr. Gauthier,	Mr. Nowlan,
Mr. Asselin ( <i>Richmond-</i>	Mr. Gendron,	Mr. Peters,
<i>Wolfe</i> ),	Mr. Godin,	Mr. Pugh,
Mr. Beer,	Mr. Grills,	Mr. Rapp,
Mr. Berger,	Mr. Herridge,	Mr. Ricard,
Mr. Chatterton,	Mr. Honey,	Mr. Roxburgh,
Mr. Choquette,	Mr. Hopkins,	Mr. Schreyer,
Mr. Clermont,	Mr. Horner ( <i>Acadia</i> ),	Mr. Stafford,
Mr. Comtois,	Mr. Johnston,	Mr. Stefanson,
Mr. Côté ( <i>Nicolet-</i>	Mr. Jorgenson,	Mr. Thompson, <sup>1</sup>
<i>Yamaska</i> ),	Mr. Lefebvre,	Mr. Tucker,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Éthier,	Mr. Madill,	<i>guay-Huntingdon-</i>
Mr. Fairweather,	Mr. Matte,	<i>Laprairie</i> ),
Mr. Flemming,	Mr. Neveu,	Mr. Yanakis—45.
Mr. Forbes,	Mr. Noble,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

<sup>1</sup> Replaced Mr. Olson on Wednesday, June 21, 1967.

ORDER OF REFERENCE

WEDNESDAY, June 21, 1967.

*Ordered,*—That the name of Mr. Thompson be substituted for that of Mr. Olson on the Standing Committee on Agriculture, Forestry and Rural Development.

*Attest.*

LÉON-J. RAYMOND,  
*The Clerk of the House of Commons.*





## MINUTES OF PROCEEDINGS

THURSDAY, June 22, 1967

(4)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.50 o'clock a.m. The Vice-Chairman, Mr. Laverdière, presided.

*Members present:* Messrs. Berger, Clermont, Côté (*Nicolet-Yamaska*), Crossman, Éthier, Flemming, Forbes, Godin, Herridge, Jorgenson, Laverdière, Lefebvre, MacDonald (*Prince*), Madill, Matte, Neveu, Noble, Ricard, Roxburgh, Schreyer, Stefanson (21).

*Also present:* Mr. Olson.

*In attendance:* From the Department of Forestry and Rural Development: Dr. M. L. Prebble, Assistant Deputy Minister, Forestry; Mr. R. D. McAuley, Chief of Finance; Mr. R. H. Dowdell, Director of Personnel Administration; Mr. L. Cameron, Director of Information; Mr. André Saumier, Assistant Deputy Minister, Rural Development; Mr. R. August, Chief of Administration.

The Vice-Chairman introduced the witnesses and the members concluded the questioning of the officials on items 15, 20 and 23 of the Main Estimates (1967-68) of the Department of Forestry and Rural Development.

Later, on motion of Mr. Clermont, seconded by Mr. Berger,

*Resolved,*—That items 15, 20 and 23 of the Main Estimates (1967-68) of the Department of Forestry and Rural Development carry.

The Vice-Chairman thanked the witnesses from the Forestry Branch for their attendance on, and helpfulness to the Committee. They were excused.

The Vice-Chairman called items 25, 30 and 35 of the Main Estimates (1967-68) of the Department of Forestry and Rural Development and introduced the witnesses, Messrs. Saumier and August from the Rural Development Branch.

Mr. Saumier proceeded to make a statement.

Later, at the request of Mr. Clermont, it was *agreed* that Mr. Saumier's notes be distributed by the Clerk of the Committee to the members of the Committee.

Mr. Saumier continued making his statement and at 11.00 o'clock a.m., the Vice-Chairman adjourned the Committee to 9.30 o'clock a.m. on Tuesday, June 27, 1967.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

*(Recorded by Electronic Apparatus)*

Thursday, June 22, 1967.

**The Vice-Chairman:** I think we can begin now.

*(Translation)*

**The Vice-Chairman:** Tuesday last the Committee examined Items 15, 20 and 23. In further consideration of these items, I am happy to welcome Dr. Prebble, Assistant Deputy Minister of Forestry, Mr. McAuley, Chief of Finance, Mr. Dowdell, Director of Personnel Administration and Mr. Cameron, Director of Information. We also have present other officials who will be at our disposal. After we have completed consideration of these three items we will proceed immediately to rural development.

Mr. Alkenbrack, who has not yet arrived was to continue asking questions. Since he is not here I am going to ask Mr. Madill to proceed with his questions.

*(English)*

**Mr. Madill:** Mr. Chairman, I have three questions and they are short and pointed. The first concerns the Dutch elm disease. Is it prevalent only in the Province of Ontario or has it spread across the whole Dominion? Is it a provincial matter alone or are the federal authorities engaged jointly with the provinces in trying to stamp out Dutch elm disease? The second part of that question relates to a news item which I read stating that turpentine is being used to eliminate the disease. The article I read—research—you probably know about it, stated that three pints of turpentine are administered to a tree. How is it administered? Is it effective? It would be fairly costly. I wonder if you would care to comment on that.

**Dr. M. L. Prebble (Assistant Deputy Minister, Forestry and Rural Development):** Mr. Chairman, before I answer the questions that have been raised by the gentleman, I would like to make a comment which I would have made on Tuesday had I known the circumstances. Dr. Rousseau was absent that morning and I did not know until much later that he was quite ill. That was why he was absent

on Tuesday. Today he is in Quebec on government business and that explains his absence today.

With regard to Dutch elm disease, it has been in Canada for 23 or 24 years. It was first discovered in the City of Sorel in the Quebec lowland valley area and subsequently spread extensively through Quebec. A few years later it entered southern Ontario from the adjacent area of the United States and spread widely throughout southern Ontario. Subsequently, it was discovered in New Brunswick, having crossed from Maine. We have infestations extending throughout New Brunswick, Quebec and Ontario, affecting elms in those three provinces but it does not reach farther west than Ontario at the present time.

It is spread by a native beetle found on elms throughout Canada. In southern Ontario it is also spread by a European beetle which came into Canada from the United States. So far as we know there is no climatic limitation to the spread of the disease. However, we expect that in due course it may become widespread with the distribution of elms. It has not done so yet.

The control of Dutch elm disease consists in sanitation, the removal of the dead limbs from elms which harbour the beetles and are a breeding ground for the spread of the beetles. In addition to sanitation, chemicals are used to deter the beetles from entering the elm trees to feed. The use of chemicals has run into a great deal of opposition in some parts of North America owing to their deleterious effects on birds which inhabit areas where elms grow. DDT, in particular, falls to the earth from the leaves of the trees and from the spray and is absorbed by the earthworms which in turn poison the birds. Many municipalities are reluctant to use insecticides to protect elms because of the pressure from people who prefer to see the birds remain unmolested.

There have been successful containment programs in parts of the United States and Canada where municipalities have organized very carefully designed sanitation and chemical control programs. Losses have been held

to approximately 1 per cent of the elm population per annum, which is tolerable, but effective control requires very well organized and co-ordinated action to keep the trees in good healthy condition, to remove dead branches as they are discovered, and especially to remove and destroy trees that have died from the disease.

At the present time through the Department of Forestry the federal government is carrying out an extensive program of surveys to identify Dutch elm disease when it occurs. They maintain a diagnostic service so that any person who is suspicious that elms are infested can send a sample in and have confirmation of it or an indication that the trees are not diseased, as the case may be. Also we are carrying on a research program to learn more about the disease and its behaviour on the trees, the means of dispersal and the means of control of the disease.

In the early stages of the introduction of the disease into North America, the Plant Protection Division of the Department of Agriculture assisted in the removal of infested trees but after 25 years it is considered a native disease and that assistance is no longer available. There is assistance, however, through the winter works program in municipalities for the removal of diseased elms. It can be organized as part of the winter works program. Funds are available to assist municipalities in getting rid of their diseased elms which are a hazard to the living population.

• (10.00 a.m.)

With reference to the last part of the question concerning the use of turpentine, there have been many suggested panaceas, mostly by way of injections into trees for destruction or for prevention of the disease. None of them are proven. Many of them have been based on very inadequate information. In other words, they have been stabs in the dark, even one or two that have been given careful investigation. Bidrin is an insecticide which has been used for that purpose. It is injected into the trees. It is a hazardous insecticide as far as human handling of it is concerned. If used in too heavy doses, it is also injurious to the trees. Our feeling is, based on work in the United States and in Canada, that it is not a proven remedy. As far as the use of turpentine is concerned, I am not aware of any work having been done to indicate that as far as Dutch elm disease is concerned it has any beneficial effect whatever.

I read the recent report in the paper which you referred and it falls in the category of "stabs in the dark". If you read the article carefully, you will note that even the people who were reporting it made no claim as to its effectiveness against Dutch elm disease.

**Mr. Madill:** Thank you very much. My next question is similar; it pertains to white birch. First you notice that the leaves turn brown and if you take a leaf and hold it up to the sun you will see the little grubs inside the leaf. Will this kill the trees? Is this becoming widespread or can it be controlled fairly easily?

**Dr. Prebble:** It is a native pest which is widespread and has been prevalent in the area in the past few summers. It can be controlled quite readily in small trees by spraying thoroughly with a common insecticide and there is also a material which is available that can be painted on the trunk in a very narrow band at ground level or very slightly above ground level which acts as a systemic insecticide and will prevent the hatching of the eggs, which are laid just about the time the new leaves are appearing. If that is done early in the spring you will have no trouble. My neighbours have birch trees and they are in very good condition because they treated them properly. On the other hand, you will find birch trees which are browned up very badly if such treatment has not been given.

**Mr. Madill:** I have a last question, and probably this should have been asked when the Minister, the Hon. Mr. Sauv  , was here. A marginal land being acquired by ARDA is leased to the farmers with the option of buying?

**Dr. Prebble:** That question would be more properly directed to the Rural Development Branch later because that is part of the program. I am sure that Mr. Saumier will be glad to answer it in detail. I should not attempt to answer that question.

**Mr. Madill:** Thank you very much. I will pass now.

**Mr. Noble:** Mr. Chairman, I have a supplementary question on Dutch elm disease. I do not know whether the officials have heard this but in our area a chap has come up with the idea of driving galvanized nails into the trees about an inch and a half or two inches



apart around the base of the tree, perhaps two feet from the ground, and he claims to have had good results. I know a lot of people who are doing this; whether it is going to amount to anything or not, I do not know. I am wondering whether you know anything about this.

**Dr. Prebble:** Dutch elm disease is one of the maladies that is the object of treatment by copper nails, or galvanized nails. This is a reputed remedy that goes back many, many years and, I think, has no basis in fact. The evidence of success has to be looked at in light of the statistics that are available. For sake of argument, if Dutch elm disease is taking 1 per cent, 2 per cent or 5 per cent of population per annum the chances of having your particular tree—or a treated tree, for that matter—infested is roughly 1 in 100 or 2 in 100 or 3 in 100, and the chances of what we call an environmental escape or an ecological escape are, therefore, very high. A person can do a thing of that kind and when nothing happens he feels that the result is attributable to his action. I think the answer, sir, is that galvanized nails have no connection whatever with Dutch elm disease.

**Mr. Noble:** What would be the principle of this? Would the poison from the nails go up through the sap, or what would be the idea?

**Dr. Prebble:** The insecticide I referred to earlier as Bidrin, which is organo phosphate, is carried through the transportation systems of the tree, gets into the smallest elements of the tree and the small twigs and branches, and is reputed to prevent the beetles from seeding through the bark and getting into the transporting systems of the tree where they carry the fungus with them. The process is to get the material into the tree, which prevents the elm bark beetles from penetrating the bark at a point where the spores they carry can be injected into the sap stream.

Therefore, you have to visualize a material that is easily transported in the sap of the tree and which also can be carried to the very fine vessels or fibres which conduct the moisture throughout the tree. I think I would simply say, sir, that galvanized nails do not fit into that sort of scheme at all.

**Mr. Herridge:** May I ask a supplementary question, Mr. Chairman, while we are on the question of diseases. What is the latest with respect to the control of white pine blister rust?

**Dr. Prebble:** White pine blister rust is a disease which depends on the co-existence of two hosts, the pine tree and a gooseberry or a wild currant. If they are not together within a matter of a thousand feet or so, you will not have infection on pine trees.

In other words, eradication of currants and gooseberries has been a traditional method for getting rid of white pine blister rust on pine trees. It has been quite successful in areas where the program has been kept up intensively either through grubbing out the currants and gooseberries bushes or using herbicides to kill them.

In the case again, four or five years ago a material was claimed to be very successful in preventing the occurrence of white pine blister rust if sprayed from the air. A great deal of work was done in the United States and some in Canada but, unfortunately, those easy panaceas do not turn out well and the work has been quite thoroughly discredited.

I am sorry; there is another point I would like to make in replying to Mr. Herridge. Very fortunately, there is a great deal of genetic variation in pine and quite a number of pine stocks have been developed both in Canada and the United States on an experimental basis that show a natural resistance to white pine blister rust. Through a very extensive program of propagation and using the resistance stocks in reforestation, there is a good prospect for pine which is not susceptible to white pine blister rust.

**Mr. Herridge:** Has that difference between pines been established in nature, because I happen to have a timber holding at one place which is affected by white pine blister rust and another one 50 miles away which is not affected and never has been. Do you think that is found in nature as well?

**Dr. Prebble:** What is found in nature, sir, is more in the nature of an occasional tree which escapes rather than the whole stand. I suspect that the difference you referred to has its basis more particularly in the distribution of the alternate host, the gooseberries and currants. That might be the explanation. They might be prevalent in one place and not in the other. If you could answer that question perhaps it would give you a clue. If you have currants and gooseberries in the vicinity of one of your pine stands and not in the other, that is the explanation.

**Mr. Herridge:** Well, there are wild black currants in both instances on the mountain sides.



(Translation)

**The Vice-Chairman:** Mr. Flemming, do you have a supplementary question to ask Mr. Prebble?

(English)

**Mr. Flemming:** I have a brief supplementary question, Dr. Prebble. It has to do with the aphides on the balsam fir. Have you anything to report by way of progress in this particular field of tree disease?

**Dr. Prebble:** Yes, the aphid on balsam fir was referred to briefly on Tuesday. It is an introduced pest and in Canada it occurs in the Maritimes region, British Columbia and the eastern part of Quebec. It also occurs in several locations in the United States, in the states of Washington and Oregon and in the area of the southern Alleghany Mountains and also in the New England States. It has been exceedingly destructive to the balsam fir in the Maritimes region, Newfoundland, and in the western part of Canada and the United States.

It is a very small insect which is heavily concealed during much of its life cycle. It is quite impossible to deal with it by use of insecticides which are satisfactory for the defoliating pests. We have been doing a very intensive program in recent years on insecticides that have what we call a systemic action. They are carried throughout the tree through the sap stream. From experimental work, we have two or three very promising materials when applied from what you might call simulated area spraying, and this year we are taking those insecticides to the air to see if the work which has been done with the ground application, simulating spraying, can be done from the air using aircraft.

For many years we have been engaged in a program of biological control, bringing in predators of these aphides from their native home in Europe, Japan, Australia, New Zealand, India, Pakistan and all over the world and we have a number that have become established, but unfortunately, they are not effective at sufficiently low densities of the aphid. In other words, it takes very few aphides to cause serious damage to trees, whereas the predators are very effective at high densities but not at low densities of the aphid.

(Translation)

**The Vice-Chairman:** Mr. Côté.

**Mr. Côté (Nicolet-Yamaska):** Mr. Chairman, my question is for Dr. Prebble and concerns the field of research. If I have understood right, the central government is empowered or entitled to carry out research in each of the provinces. Is the government obliged to request permission from the provinces to carry out specific research in one or several provinces or does it have an entirely free hand?

(English)

**Dr. Prebble:** Sir, the Forestry Branch works in very close collaboration with the provincial governments, especially the departments of lands and forests. In every part of Canada we try to work in the closest possible collaboration with the provincial authorities. In the fields of insects and disease work and surveys relating to them, our program is of equal intensity throughout Canada.

In the research program dealing with other aspects of forestry some of the provinces have their own research organizations and we try to work out better arrangements to prevent overlap and duplication.

(Translation)

**Mr. Côté (Nicolet-Yamaska):** Therefore, if I am right, suppose the central government discovers a greater need in one province than in another; is it able to invest, on its own account, certain sums of money in the way of funds allocated to the Department of Forestry and Rural Development or is it obliged to maintain a sort of balance between the provinces?

For instance, if the province of British Columbia, or Ontario or any other province experiences a seemingly definite need, is the central government obliged to respect a certain average or does it have to consult with the province concerned, informing it of that need and pointing out any particular danger? Is it only at that stage that the government may venture to invest money, or does it have an entirely free hand?

(English)

• (10.10 a.m.)

**Dr. Prebble:** Our programs are built up in the various regions of Canada on a co-operative basis with the provinces.

I do not know whether the gentleman was present the other day when I described the regional advisory committees. We are setting up advisory committees in each region of Canada in which the provincial departments,

industry and the universities co-operate very closely with our own people and jointly review forestry problems, establish priorities and decide on programs to meet the needs of each region.

Your question is rather difficult to answer in the sense that if a need is not recognized by the provincial department of the industries in that province, probably it would not enter into the system of priorities and develop as a program. But I should say one additional thing, that part of our program is a rather long-term program and there are basic programs. If a problem occurs in several parts of Canada we like to see the problem in its whole range and scope and some of our research programs are designed to fill in gaps in information and, therefore, extend somewhat beyond what you would call the expression of priorities or needs of a particular provincial government. They might represent our need to get a full grasp of the problem as it occurs throughout Canada.

(Translation)

**Mr. Côté (Nicolet-Yamaska):** I would now like to ask a second question: when a need is clearly established in any province, how do you proceed? Are equal amounts of money then invested by the federal and provincial governments for the work which is to be done? Are the sums of money necessarily equal or does the federal government rather have the right to put forward more money than the province, or the province more than the central government? It may be a many-sided question, but I repeat it.

When a need is established in a province, are you first obligated to obtain permission from the province concerned to carry out certain work? Let us for instance take drainage. Suppose the province agrees—and as far as I can see, the province has to agree where the implementing of solutions to its problems is concerned—may the central government pay only a 50 per cent share of the money to the province or rather may it pay whatever share it deems appropriate? Since you gave quite a good reply to my other question, telling me the province must first indicate its needs, I wonder if the same applies to the paying out of money.

(English)

**Dr. Prebble:** I think possibly there is some confusion here concerning the programs of the Forestry Branch and the Rural Development Branch. What I said previously ap-

plies to the research program and related surveys of the Forestry Branch. Those programs are financed by the federal government. The programs are developed as a result of collaboration with the provinces, industry and the universities. Our programs do not require the provinces or industry to spend money in similar research. As a matter of fact, the application of research results depends on a demonstration that those research results have some utility in operating practice. When Mr. Côté referred to drainage, I wonder whether he is not confusing the programs of the Rural Development Branch and the Forestry Branch?

(Translation)

**Mr. Côté (Nicolet-Yamaska):** No. I noticed in an official statement—I think it was about New Brunswick—that in order to try to increase forest development in certain wooded areas, some drainage had been installed. Actually, some streams were drained in order to decrease the surface area of the water and thus to increase forest development. I noticed then that the provincial government had invested a certain sum of money and it seemed to be complaining that the federal government had not invested enough money to proceed further with the drainage.

**The Vice-Chairman:** Mr. Côté, would this not as a matter of fact be something which has to do with rural development?

**Mr. Côté (Nicolet-Yamaska):** No. It is concerned with the use of the forest and the preservation of the forest in the wooded areas.

**Mr. Matte:** That comes under ARDA.

**Mr. Côté (Nicolet-Yamaska):** In what respect does it come under ARDA?

(English)

**Dr. Prebble:** Let me put it in a negative way, sir. If the results of similar research indicated that drainage might be helpful to the development of a forest stand, we would make that information available and provide demonstrations for it. The actual application of that result and the cost connected with the application, so far as the forest research program is concerned, would be borne by the province or the industry. We do not make subventions or contributions to the actual cost of the implementation of research results. Therefore, I still think, sir, there may be some confusion between the forestry and the rural development programs.



(Translation)

**Mr. Côté (Nicolet-Yamaska):** Thank you very much.

**The Vice-Chairman:** If you have finished with your questioning, Mr. Côté, I would ask Mr. Roxburgh to ask his questions.

(English)

**Mr. Roxburgh:** I would like to ask a question supplementary to Mr. Flemming's of last Tuesday. It has to do with the prevention of forest fires. As he pointed out, and rightly so, the most important aspect of fighting fires is prevention. I do not know if this question has been asked before as I was a little late arriving but I would like to know what laws there are, if any—and how strict they are—to require the lumbering companies to clear up all the brush after the cuttings have been finished. Are there any special laws? If so, are they enforced and if there are not should there not be?

**Dr. Prebble:** This matter clearly falls within provincial jurisdiction. The requirements differ somewhat from province to province depending upon the circumstances. In British Columbia, of course, brush and logging debris clearance is a very important part of the provincial administrative requirement. In some other parts of Canada where there are different climatic situations and less hazardous fire conditions, the requirements are not quite so stringent. In any case, those are problems that fall within provincial jurisdiction and their arrangements with the private companies.

**Mr. Roxburgh:** Are there provinces that have no laws whatever to deal with this most important question? I happen to have a little experience in that line and I would say it is absolutely essential if we are going to prevent forest fires. Which provinces, if any, have no laws to handle this most serious situation?

**Dr. Prebble:** So far as I know, sir, every province that has timber limits under license to various companies has laws and regulations dealing with the removal of timber and handling of debris. I believe they are quite variable and I think, in many cases, the companies themselves are quite anxious to improve the prospects of natural or artificial generation by getting rid of debris. I do not think I am in a position to pinpoint the differences among the various provinces so far as the regulations are concerned.

(Translation)

**The Vice-Chairman:** If you have finished Mr. Roxburgh, Mr. Jorgenson may perhaps have some questions to ask?

(English)

**Mr. Jorgenson:** Dr. Prebble, does the federal government maintain or help to maintain forest fire fighting equipment in the provinces? Do you share any cost with the provinces of ensuring that adequate forest fire fighting equipment is maintained?

**Dr. Prebble:** Not at the present time, sir. That was one of the provisions of the agreements which came to an end on March 31. Until that time contributions were made for the actual purchase of equipment, the maintenance of lookout towers and hiring of aircraft for patrols, and so on, but that program terminated on March 31 with the ending of the composite agreements.

**Mr. Jorgenson:** Why has it not been renewed? Do you not think this is a very important part of forest fire fighting?

**Dr. Prebble:** As I understand it the fiscal arrangement between the federal government and the provincial governments is designed to put funds in the hands of the provinces from tax sharing, and so on, that will permit the provinces to maintain a program from the start under the composite agreements.

**Mr. Jorgenson:** But you have no idea where that money is going or if it is being spent on forest fire fighting equipment?

**Dr. Prebble:** It would go to the provincial Secretary-Treasurer, I would expect, rather than to the Forestry Department.

**Mr. Jorgenson:** But there is no effective control over where the money is going and no way of knowing whether it is going for fire fighting?

**Dr. Prebble:** I have to say that is entirely outside the province of the Forestry Branch. You are asking me to tread on very, very thin ice there.

**Mr. Jorgenson:** The longer I am here, the more I am convinced that there has to be some constitutional amendment. Does not the Army play a role here? I know that the Army is frequently called in to assist in helping communities that have been ravaged by flood. Is it not possible for the Army to maintain certain quantity of forest fire fighting equipment that could be used wherever fires break out, to be transported from one province to



another if necessary? Or, better still, maintain a certain quantity of that type of equipment in each of the provinces to be used when they are called in?

• (10.25 a.m.)

**Dr. Prebble:** That has happened. The Department of National Defence has responded. The requests have to come officially from the provinces. In the case of an emergency they have been of assistance and also there have been collaborative arrangements between provinces so that if one province makes an official request of another during the time of a severe emergency they get assistance that way. So there are collaborative arrangements for dealing with the worst emergency situations which are somewhat outside the realm of the first question you asked.

**Mr. Jorgenson:** Who bears the cost of this type of operation? For example, if the Army is called in, is the Army on loan to the province or does the province have to pay for the force that goes in there?

**Dr. Prebble:** I think the beneficiary, you might say, has to bear the expense. I do not believe it includes what you might call the regular salary or income of the Army, but I think any out-of-pocket expenses that have to do with moving the group from one area to another is borne by the province that requested it.

**Mr. Noble:** Mr. Chairman, I have a supplementary question with respect to fires. It was reported in the papers some time ago that many of the forest fires that occurred during the dry period we had were caused by sparks from the brakes on trains. Is there any truth in this? If so, could there not be more surveillance along the railroads to put these fires out in the early stages?

**Dr. Prebble:** I am not at all sure of the facts you have recited, but there certainly is provision for this. I think the railway companies themselves maintain an inspection and a fire fighting service along the railways. There is also the Canadian Forestry Association which uses railway cars quite widely for educational programs and provides the most up-to-date and useful information programs to make people aware of such hazards.

**Mr. Schreyer:** I should like to ask Dr. Prebble whether he is of the opinion that in the course of the past decade there has been a slow but steady improvement in the forest fire fighting capability of some provinces, or do they remain more or less the same?

**Dr. Prebble:** I think there is no question that there has been a progressive improvement. The general history has been that the number of fires has not decreased because of the great increase in the number of access roads and the number of people using the woods.

I believe the actual number of fires has not decreased but the size of the fires has greatly decreased in the past eight or ten years. The fire fighting capability has been very greatly improved but, at the same time, they are dealing with a much greater opportunity for fire to develop.

**Mr. Schreyer:** Is there any likelihood of or practicability to an arrangement where the federal authorities would maintain a pool of really up-to-date fire fighting equipment to be made available to the provinces? I ask that because the Province of Manitoba has, from time to time, found itself lacking some of the more expensive equipment and has had to go to private industry to rent certain specialized aircraft, and so on.

**Dr. Prebble:** This question has been discussed at various times in the past and has been brought up again recently by one of the provincial deputies. Many factors are involved which make it extremely difficult to give a snap answer to your question. I fully expect that the matter will be under review as time goes on.

**Mr. Schreyer:** That really is the point of my question. Is the matter receiving consideration?

**Dr. Prebble:** Yes. There is not unanimity, of course, among the provinces about the types of equipment, where it shall be and what sort of arrangements there shall be for its use.

**Mr. Schreyer:** Thank you.

**Mr. Crossman:** Going back to Mr. Roxburgh's supplementary question about forest fire hazard from debris left in the woods after a lumbering operation, has any thought been given to researching the utilization of this debris so as to make its removal profitable? For example, sawmills are now using the slab, which was formerly waste, for chip for pulp.

**Dr. Prebble:** Considerable work is being done in the two forest products laboratories on so-called logging residues from several

points of view, one of which is what you might call investigation of the fire content, what is actually there. A lot of work is also being done on the manufacture of particle boards and things of that kind that can use small debris. Considerable work is being done on the chemical extractives of the wood and bark of small materials.

I believe the over-riding problem that still remains in many cases is the transportation cost to get the material out.

The Pulp and Paper Research Institute in Montreal has been doing much work on pipe lines for chip transport and I am sure that, as time goes on, much material now left in the woods in eastern Canada will be used. There has been a tremendous change in British Columbia in the last 15 or 20 years concerning material left in the woods. Material which was non-profitable at that time is quite profitable at the present time.

**The Vice-Chairman:** I think this completes the study of these three items. Is it agreed that Item Nos. 15 and 20...

*(Translation)*

**Mr. Matte:** I would like to ask a question.

**The Vice-Chairman:** Yes, Mr. Matte.

**Mr. Matte:** At Lac Normand in Saint-Maurice-Lafleche county, an entomological research station was constructed recently. Does this station come under the jurisdiction of the federal government alone? Did the federal government make any particular contribution towards the construction of this station?

*(English)*

**Dr. Prebble:** No, sir; let me start again. The investigations at Lac Normand in Quebec are an extension of the work that has been going on for many years primarily tied into tests of jack-pine. Formerly we were located in another area which was very difficult to reach because it was at the end of a company road which had not been maintained. Therefore our investigation crew was having trouble in simply getting there and getting about in the woods.

A co-operative arrangement was made between the provincial department and our own Department and they were kind enough to locate an area adjacent to and accessible by a provincial highway. They granted permission for a small area to be reserved for a field station which we established and are staffing. The results are available to the provincial people and to the industry.

They have not been involved in the payment of construction of the field station or its operation and maintenance but they provided the site. This has been done by a collaborative arrangement between the two departments.

*(Translation)*

**Mr. Matte:** Are there many similar stations in the province and in the country?

*(English)*

**Dr. Prebble:** There are quite a number throughout Canada. We maintain several kinds of field investigations. If problems in a particular area are known to be perennial and require continuous attack year after year, we prefer to maintain a field station which is a fixed establishment. Lac Normand is such an establishment.

We have quite a number of others throughout the greater part of Canada. In practically all provinces we have one or more. We also maintain trailer camps which we use quite extensively if the problem is of short duration and if it is thought to be one that can be investigated fully in two, three or perhaps five years. In this case we would not establish a permanent field station; we would operate from a trailer camp.

In our surveys, of course, we have a lot of what you might call overnight stands using tents and so on when operating from aircraft. We have nothing on the ground at all except people coming through, making their investigations and moving on. But Lac Normand is a type of which we probably have 15 or 20 throughout Canada.

**Mr. Flemming:** Mr. Chairman, may I ask Dr. Prebble why the vote for the grant to the Canadian Forestry Association is double this year? I have no reason to disagree with this because I think they are performing exceptionally efficient work but I would like to know whether they are assuming additional responsibilities thereby justifying the increase in the grant, or is it considered that the grant has not been on an appropriate basis prior to this year?

**Dr. Prebble:** The Canadian Forestry Association has considered for many years that it was quite inadequately financed. The methods of financing the provincial associations and the federal association have been rather different in the sense that the provincial associations have had access to the forest industry whereas the national federation was, more or



less, dependent on a small contribution from the Department and what they could pick up from banks and other corporations not intimately associated with the forestry industry. They have felt greatly deprived and underprivileged for a number of years and I think, sir, that the increase in the grant would be not greatly to extend its program but to do a better program in the fields they have been covering so far.

(Translation)

**Mr. Godin:** I have asked Mr. Prebble whether the federal government is making a minute investigation or examination of the damage caused in the forests of Quebec, for example, by excessive use of machinery. Twenty or twenty-five years ago, we had the age of the hand-saw and the horse. The wood was cut into lengths before leaving the forest. Today, large machinery is being used. You can look after ten, fifteen, or perhaps twenty trees at a time. Yet, when you visit these forests at the end of a timber-felling season, you realize that a really clean sweep has been made. Formerly, the law demanded that saplings of five, six, or eight or more inches be left to grow, for example; today, however, young saplings of only two or three inches high have disappeared. What is the government doing in this case? Is this a case only of provincial jurisdiction?

(English)

**Dr. Prebble:** No, sir. In our program of silviculture research we are very much concerned about the consequences of mechanical logging and the use of heavy equipment from several points of view. As the gentleman has said, much of the advanced growth is destroyed in the process of mechanical operations and, in addition, there is quite a strong possibility of compaction of the soil in certain areas.

We are investigating those problems primarily from the point of view of the establishment of regeneration following such operations. That work will go on in several parts of Canada. At the moment, I think it is somewhat further advanced in New Brunswick than in other parts of Canada.

• (10.40 a.m.)

**Mr. Herridge:** I should like to ask just two simple questions, Mr. Chairman. Under Vote No. 15, there is an item entitled, "Membership in Scientific and Other Institutions". Would you mind outlining this?

**Dr. Prebble:** Yes, that is a very unusual item. Certain associations or institutions make

their publications available only to their members and our memberships in them are designed solely for the purpose of obtaining the publications of those organizations.

**Mr. Herridge:** Does that include "other institutions"? What institutions would be other than scientific?

**Dr. Prebble:** Certain trade and technical associations. Scientific institutions would not be involved because they are glad to dispense their materials freely, as a rule. These would be mostly trade associations.

A large part of that is a grant to an agency known as the International Agricultural Aviation Society located in The Netherlands which is very active in the European countries in promoting aviation for agricultural and forestry purposes. Our membership started a couple of years ago because we were quite keen to be aware of the current developments in the use of aircraft for forestry and agricultural purposes. That actually takes up a little better than two-thirds of this Vote so the actual subscriptions we get amount to about \$700. The membership in this International Agricultural Aviation Society costs us \$1,600.

**Mr. Herridge:** I should like to ask one more question, Mr. Chairman. I see you are looking restless. Regarding this item, "Participation in FAO Associate Expert Scheme or an Alternative Arrangement, \$100,000". What would this be provided for and what is the alternative arrangement?

**Dr. Prebble:** I spoke about this very briefly on Tuesday. FAO Agency is very anxious to increase the support to some of the developing countries by the assignment of recent graduates to work with their seasoned and experienced officers. Canada has been requested to collaborate in that program. We have not had a thorough study of it yet.

A proposal has been advanced that Canada might make available as many as eight or ten recent graduates to work with seasoned FAO officers in various parts of the world and to pay the actual costs of their involvement. In other words, the sponsoring country—in this case, Canada—would be asked to make a contribution to FAO through the payment of the cost of putting recent graduates to work in various other countries.

As yet, we have not made a decision. It has not been thoroughly investigated with Treasury Board. We have consulted two or three other departments that have been in-



volved in similar proposals and there are alternative ways. For example, the Department possibly might send its personnel directly to the other country rather than working through FAO. In other words, the Department would make a person available as a secondment for a period of a year or two. That is one possibility. In this case our expenses would be primarily for salary and transportation costs for the person to the site and back again.

I cannot be more specific about the alternative. The alternatives have not been thoroughly explored because the main venture has not yet been thoroughly explored with Treasury Board.

**Mr. Herridge:** Thank you. If this idea is accepted, would you expect these persons provided to assist other countries to report their experience in writing to your Department to provide a basis for future activities of this kind?

**Dr. Prebble:** We would expect a considerable feed back, but possibly through FAO. Actually we would expect a feed back from both sources so that we would know whether the senior officers of FAO were giving the kind of assistance we thought we should be getting and whether the young graduates were getting the kind of experience that would be useful to them. We have had a number of people on FAO assignments in recent years, usually for short term assignments. They are more experienced people. We have had a fair number of people in Africa and parts of Asia on FAO assignments and we do get information back from both the officers themselves and through the FAO organization in Rome.

• (10.45 a.m.)

(Translation)

**The Vice-Chairman:** Mr. Lefebvre, do you wish to ask any questions?

(English)

**Mr. Lefebvre:** Yes, I have just one question. Perhaps you are not the right gentlemen to answer but I thought I would ask you, Dr. Prebble. It is a question that interests a lot of people who live in western Québec and northern Ontario and probably other areas. To your knowledge are there any people in your Department or possibly in the Department of Agriculture who carry on research into the problem of how to get rid of black flies,

mosquitoes and insects that infest the forests of these two provinces and probably others.

**Mr. Crossman:** We have them down home, too.

**Mr. Lefebvre:** Do you have them in New Brunswick also? I would like to know whether anyone in the federal government is looking into this or do the people working in forests, and I would say, tourist camp operators and their guests, have to live with this problem? Can something be done about it?

**Dr. Prebble:** There is a group in the Department of Agriculture that has been very actively concerned with fighting flies in the woods and also in the Arctic for a number of years, in the woods in co-operation with the pulp and paper companies and in the arctic in co-operation with the Department of National Defence. Quite a number of studies have been made and quite a number of operations carried out in the field for black flies and mosquitoes in co-operation with the pulp and paper companies, particularly in Québec and Ontario. A gentleman at Queen's University has been on a contractual basis for a number of years doing work in both provinces on black fly control.

**Mr. Lefebvre:** This would be in the Department of Agriculture and not your Department.

**Dr. Prebble:** That is right, sir, in the Entomology Research Institute of the Department of Agriculture at the Central Experimental Farm. If you wish I can give you the name of the person to contact. Would you like that?

**Mr. Lefebvre:** Yes, I would very much. Probably there are other gentlemen here who would be interested also.

**Dr. Prebble:** You could contact Dr. George Holland who is the Director of the Entomology Research Institute at the Central Experimental Farm.

**The Vice-Chairman:** Thank you sir. Is it agreed that Items 15, 20 and 23 shall carry?

Items 15, 20 and 23 agreed to.

(Translation)

**The Vice-Chairman:** Dr. Prebble, gentlemen, I believe that all the members of the Committee are most grateful for the information which you have given us. I thank you on behalf of all the Committee members and I am sure that this information will be of very

great benefit to us. Thank you very much, gentlemen.

I shall now ask the officials of the Department of Rural Development to kindly be seated at the witnesses' table.

(Translation)

To answer questions concerning these items, I have the pleasure of welcoming Mr. André Saumier, Associate Deputy Minister for Rural Development and Mr. August, administrative officer. Perhaps Mr. Saumier would like to make a statement, and afterwards we shall proceed to the question period. Mr. Saumier.

**Mr. André Saumier:** Mr. Chairman, first of all, I wish to thank you for your kind words and to assure the Committee of our complete cooperation. I am informed that the Committee wishes to adjourn at eleven o'clock. I shall therefore try to be as brief as possible.

(English)

In his remarks to the Committee a few days ago, the hon. Mr. Sauvé, I think, fairly well covered the general philosophy of the ARDA Branch in the Department of Forestry and Rural Development so I do not intend to go into that in detail except as the result of questions which may be asked by members of the Committee.

If we turn to Vote 25, Administration, we see that it provides for operating expenses for the entire Rural Development Branch. The Branch at present administers three acts. The first is ARDA, the Agricultural and Rural Development Act, which comprises three main activities; the Rural Development Agreement, federal research and the Canada Land Inventory.

The second is FRED, the Fund for Rural Economic Development Act under which three agreements for comprehensive rural development programs have been signed so far, and under which, a number of other agreements are now at various stages of discussion or negotiation.

The third is MMRA, the Maritime Marshland Rehabilitation Act under which three Maritime provinces, New Brunswick, Nova Scotia and Prince Edward Island have entered into agreements with Canada. This Act goes back to 1948.

The members of the Committee will undoubtedly have noticed the considerable increase in this vote. The increase is \$919,000 or roughly 40 per cent over the previous year.

About one-third of that amount is for salaries; \$100,000 is to provide a regular budget for the Canadian Council on Rural Development; \$546,000 is for a stepped-up information program designed to inform the Canadian public of the ARDA and FRED programs. The remaining small amount of \$41,000 is for miscellaneous office expenses.

The Rural Development division operates through a fairly well-decentralized system. We have a central core in Ottawa which is comprised mainly of the Policy and Planning group. We have four Regional Offices which are the actively operating sections of the Branch. There is one for the West, located in Winnipeg; one for Ontario, located in Ottawa; one for Quebec, located in Montreal and one for the Atlantic Provinces which is in the process of moving from Amherst to Moncton.

The staff increment, which is a substantial one, arises from two sources. The first is precisely the establishment and staffing of the four Regional Offices which I just mentioned. These offices were established last year and as our program gathered momentum it became necessary to staff these offices with fuller complements in order to provide the provinces with the kind of services they need to live with the ARDA agreement and the FRED program.

The increment was also required to adequately staff the MMRA administration which is attached to our Atlantic regional office in order, again, to enable that staff to carry out its undertakings to the provinces.

Finally, the increment is required to staff the Ottawa office, particularly the Policy and Planning group which has increasingly heavy duties and responsibilities as the ARDA agreements gather speed, especially as we are getting increasingly involved in the negotiation and implementation of a number of very complex and very novel agreements for comprehensive rural development. Of course, Mr. Chairman, there is the usual amount included for increases in salaries.

I move now, Mr. Chairman, to Vote 30 and the Maritime Marshland Rehabilitation Act.

**Mr. Flemming:** May we ask questions on Vote 25?

**Mr. Saumier:** At your pleasure, Mr. Chairman.

**Mr. Jorgenson:** Mr. Chairman, might it not be wiser, since it is five minutes to eleven o'clock, to allow Mr. Saumier to complete his



statement? There is no point in questioning today because we will not be able to get very far.

**The Vice-Chairman:** Is that acceptable to the Committee?

**Some hon. Members:** Agreed.

*(Translation)*

**Mr. Clermont:** Does Mr. Saumier have any additional copies of his notes either in English or in French?

**Mr. Saumier:** Yes. I could easily make copies available to the Committee.

**Mr. Clermont:** Could we have them before the next meeting?

*(English)*

**The Vice-Chairman:** I am informed that the Clerk is going to try to supply all members of the Committee with Mr. Saumier's notes. Is it agreed?

**Some hon. Members:** Agreed.

**Mr. Saumier:** Then, Mr. Chairman, with your permission, I will move very quickly to Vote 30, the MMRA. As I said, the MMRA was created some years ago—almost 20 years ago—and during 1966 agreements were signed with Prince Edward Island, Nova Scotia and New Brunswick whereby Canada agreed to continue certain marshland reclamation construction projects and to bring to given standards all previously existing structures.

As a counterpart it has now been agreed with these provinces that by 1970 all structures will be turned over to the provinces for future upkeep. After that date new construction will not be undertaken through MMRA but through other existing legislation, for example, ARDA. So, in effect, after 1970 the MMRA will fall into disuse.

The current approved major construction projects under MMRA are the Petitcodiac Dam in New Brunswick; the Avon River Dam in Nova Scotia for which, I should hasten to say, there is as yet no agreement with the province; Great Village Marsh; Dentiballis and the Habitant Marshes. There are about 44 other minor projects under way. The increase in the vote of approximately \$560,000 is largely to provide for the newest of these projects, the Avon River Dam and Causeway.

Vote 35 provides for projects under the Rural Development Agreement; for all 100 per cent Federal research projects initiated under ARDA including the Canada Land Inventory. The current ARDA agreement provides a maximum annual allocation to the provinces of \$25 million. This \$25 million is provided by a specific formula amongst the ten provinces. In previous years no province spent its full allotment and under this vote we are providing for the current year only \$18 million rather than \$25 million. There is an additional \$4 million set aside for federal research.

Mr. Chairman, in view of the short time left at my disposal I will mention only another aspect without making any general comments on the ARDA programs, and that is what is referred to in the estimates as Statutory. This is the first year this item has appeared in the estimates and it refers specifically to the expenditure under the FRED Act—the Fund for Rural Economic Development Act—approved by the House last year and which was increased a few months ago from \$50 million to \$300 million.

This is a fund specifically designed to enable the federal and provincial governments to devise and implement together comprehensive rural development programs to deal with problems of particular acuteness in regions of rural poverty. We anticipate that in the current year claims will be made on the fund and disbursements made in the following amounts: \$3 million under the agreement with the Province of Manitoba for the Interlake development plan; \$3 million under the agreement with the Province of New Brunswick for the Northeast New Brunswick development plan; \$1 million under the agreement, again with New Brunswick, for the Mactaquac development plan and a contingency amount of \$2 million for agreement now in the process of negotiation and which may or may not be signed before the end of the fiscal year.

I think, Mr. Chairman, I will end my remarks at this point and leave further comment for the next sitting of the Committee.

*(Translation)*

**The Vice-Chairman:** We shall continue with the examination of these three votes on Tuesday next, June 27th. Thank you, gentlemen.





OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

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lation, Secretary of State.

LÉON-J. RAYMOND,  
*The Clerk of the House.*

HOUSE OF COMMONS

Second Session—Twenty-seventh Parliament

1967

STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

TUESDAY, JUNE 27, 1967

RESPECTING

Estimates (1967-68) of the Department of Forestry  
and Rural Development

WITNESS:

*From the Department of Forestry and Rural Development:* Mr. Andre  
Saumier, Assistant Deputy Minister, Rural Development.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967



STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Alkenbrack,	Mr. Gauthier,	Mr. Orlikow,
Mr. Asselin ( <i>Richmond-</i>	Mr. Gendron,	Mr. Peters,
<i>Wolfe</i> ),	Mr. Godin,	Mr. Pugh,
Mr. Beer,	Mr. Grills,	Mr. Rapp,
Mr. Berger,	Mr. Honey,	Mr. Ricard,
Mr. Chatterton,	Mr. Hopkins,	Mr. Roxburgh,
Mr. Choquette,	Mr. Horner ( <i>Acadia</i> ),	Mr. Schreyer,
Mr. Clermont,	Mr. Johnston,	Mr. Stafford,
Mr. Comtois,	Mr. Jorgenson,	Mr. Stefanson,
Mr. Côté ( <i>Nicolet-</i>	Mr. Lefebvre,	Mr. Thompson,
<i>Yamaska</i> ),	Mr. MacDonald ( <i>Prince</i> ),	Mr. Tucker,
Mr. Crossman,	Mr. Madill,	Mr. Watson ( <i>Château-</i>
Mr. Éthier,	Mr. Matte,	<i>guay-Huntingdon-</i>
Mr. Fairweather,	Mr. Neveu,	<i>Laprairie</i> ),
Mr. Flemming,	Mr. Noble,	Mr. Yanakis—45.
Mr. Forbes,	Mr. Nowlan,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

TUESDAY, June 27, 1967

(5)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9:40 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Berger, Choquette, Clermont, Comtois, Crossman, Fairweather, Flemming, Forbes, Godin, Herridge, Jorgenson, Lefebvre, MacDonald (*Prince*), Matte, Neveu, Noble, Rapp, Roxburgh, Schreyer, Stefanson, Tucker, Whelan (22).

*In attendance:* From the Department of Forestry and Rural Development: Mr. André Saumier, Assistant Deputy Minister, Rural Development; Mr. R. August, Chief of Administration, Rural Development; Mr. R. H. Dowdell, Director of Personnel Administration; Mr. J. J. Quigley, Acting Chief, Information Services, Rural Development.

The Committee resumed consideration of items 25, 30 and 35 of the Main 1967-68 Estimates of the Department of Forestry and Rural Development.

The Chairman introduced the witnesses.

Mr. Saumier proceeded to make a statement. He was questioned.

It was *agreed*,—That copies of the A.R.D.A. Report on Blueberries be distributed to members of the Committee by the Clerk.

Questioning continuing, it was also *agreed*,—That a breakdown showing Blueberry projects by Province be made an appendix to the Minutes of Proceedings and Evidence of this day. (*See Appendix C*)

At the suggestion of Mr. Roxburgh, it was *agreed*,—That the breakdown showing monies spent on A.R.D.A. projects during the last fiscal year by the several provinces be made an appendix to this day's Minutes of Proceedings and Evidence. (*See Appendix D*)

The examination of the witnesses being concluded,

On motion of Mr. Berger, seconded by Mr. Schreyer,

*Resolved*,—That items 25, 30 and 25 of the Main 1967-68 Estimates of the Department of Forestry and Rural Development be approved.

The Chairman and members of the Committee thanked the witnesses for their attendance and helpfulness to the Committee.

At 12:20 o'clock p.m., the Chairman adjourned the Committee to the call of the Chair.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

*(Recorded by Electronic Apparatus)*

**Tuesday, June 27, 1967**

**The Chairman:** I call the meeting to order. Mr. Saumier was making his statement last Thursday, I understand, and he will continue his statement. Mr. Saumier, for the information of the members, is Assistant Deputy Minister of the Department of Forestry. The gentlemen next to him are Mr. August, Chief of Administration; Mr. Dowdell, Chief of Personnel and Mr. Quigley, Acting Chief of Rural Development and Information Services.

Mr. Clermont did you wish to make a remark?

*(Translation)*

• (9.43 a.m.)

**Mr. Clermont:** Mr. Chairman, personally and on behalf of my colleagues, I am happy to welcome you here today. I hope that your stay in the hospital has mellowed your dispositions to some extent.

**Mr. Lefebvre:** I concur wholeheartedly, Mr. Chairman.

*(English)*

**The Chairman:** I know that you are probably 100 per cent in agreement.

**Mr. Clermont:** I said in French, gentlemen, that I welcomed our Chairman and hoped that his stay in the hospital has not hardened his character. He is tough enough for us.

**Mr. Lefebvre:** That would be almost impossible, Mr. Chairman.

**The Chairman:** I certainly would not want my character to change on account of an operation or anything else because my constituents would not vote for me again if my character changed too much.

We will proceed with the meeting and ask Mr. Saumier to continue with his presentation.

**Mr. André Saumier (Assistant Deputy Minister, Rural Development, Department of Forestry):** Mr. Chairman, I should like to add only a very few words to what I have said. The point I would like to stress is that the ARDA program has gone through a number of stages. When it was initiated in 1963 it was

basically an agricultural program. In 1965 when the second ARDA agreement was negotiated it became a rural development program because it was realized that the problems becoming apparent were not only agricultural problems but rural problems.

I think it is fair to say that the year 1966-67 has been marked by the voting by Parliament of the Fund for Rural Economic Development Act which has added an entirely new dimension to the Agricultural and Rural Development Program. For the first time it has given us an instrument, as far as we know, quite without precedence in the Western world, with which to attack in a coherent, concerted federal-provincial way—concerned federally among the various departments, provincially among the provincial departments and then between the two governments—with fairly substantial means, deep-seated problems of rural poverty.

I mention this because I think it is important to remember, Mr. Chairman, that the FRED program especially is a brand-new program. It is a new program in Canada. A few days ago I was in Paris at a meeting of the Committee on Economic Development of the OECD. We looked at the legislation and state of affairs in Scandinavia and I can assure you that by and large our legislation is as advanced as theirs, perhaps more than the one I saw in Paris at that meeting.

So, this is a new program and, of necessity, we have some growing pains. These growing pains are quite normal and it is my hope that as we move along in this new field we will be able not only to avoid the same mistakes—I do know that we will make mistakes—but also to continue innovating in the area of rural economic development and regional economic development.

Mr. Chairman, having said this I think it would be much more fruitful for me to put myself at the disposal of members of the Committee to answer whatever questions are directed to me so far as I am able.

**The Chairman:** Thank you, sir. Mr. Clermont has intimated that he has questions. There are several more on my list.

● (9.47 a.m.)

(Translation)

**Mr. Clermont:** Mr. Chairman, may we ask our questions concerning the three votes, namely, 25, 30 and 35?

(English)

**The Chairman:** Yes on page 182, Votes 25, 30 and 35. I should have mentioned this when we started. I was supposed to ask Committee members their feelings on whether we should set aside a special meeting for the Livestock Feed Board to appear before the Committee say, on this Thursday or next Tuesday. They are separate; their offices are in Montreal and we would have to give them some notice so they would be able to appear before the Committee.

**An hon. Member:** Mr. Chairman did you say page 182?

**An hon. Member:** I have 192.

**The Chairman:** I am wrong I should have said page 40. The book I have is Proceedings No. 1; on the bottom it has page 40 and on the top page 182.

**Mr. Flemming:** Page 192 shows the details and at page 182 is the summary.

**The Chairman:** Yes, that is right. Before Mr. Clermont proceeds with his line of questioning has anyone any feelings to express on when the Canadian Livestock Feed Board should appear before the Committee? Are you agreeable to leaving it in the hands of the Chairman to try to make arrangements for their appearance as soon as possible?

**Mr. Clermont:** I will go along with that. It is in your hands.

**The Chairman:** Are there any other remarks?

**Mr. Jorgenson:** Mr. Chairman, I have had extreme difficulty in making flight arrangements. It is necessary for me to be home next week and I just cannot get a flight back here.

**The Chairman:** In time for Tuesday?

**Mr. Jorgenson:** No.

**The Chairman:** If they were able to come this Thursday, would that suit you?

**Mr. Jorgenson:** I have a problem there as well. The only flight I can get out of here is on Thursday.

**Mr. Clermont:** As a Western member is he very interested in that?

**Mr. Jorgenson:** This is why I mentioned it it does concern me.

**The Chairman:** It does concern you.

**Mr. Jorgenson:** It concerns me quite considerably and I would like to be here but Air Canada is just not able to provide me with accommodation.

**The Chairman:** I know it is very difficult to get reservations.

**Mr. Herridge:** Mr. Chairman, we must understand that was a satirical remark on the part of our colleague.

**Mr. Clermont:** I thought the member from B.C. was not a Western member.

**The Chairman:** I will try and to arrangements for the Livestock Feed Board to be here at a time suitable to everyone concerned. We are going to deal now with Items 25, 30 and 35.

(Translation)

**Mr. Clermont:** Mr. Saumier, at page 19 under the heading "Technical, Operational and Service" for the 1967-68 year, you show ten persons, and none for the 1966-67 year. Are these additions the result of the organization of regional officers?

**Mr. Saumier:** Mr. Chairman, there was 1 employee in the \$14,000-\$16,000-salary range in 1966-67 and there are ten in 1967-68, is that not? On the whole, two factors are involved in the figures shown in this table: first, the salary increase factor which causes certain people to be transferred from one category to another; it explains to some extent the increased figures.

Secondly, there are also the various regional branches of ARDA which have been created last year; they now have reached their contemplated size. When we set up regional branches, they were given minimum staff because we did not know then how many autonomous employees they would require. But now that has become necessary.

(English)

I am sorry, is the translation not operating?

**The Chairman:** Yes it is.

(Translation)

**Mr. Saumier:** Then, we chose to forego needs, and increase the staff gradually rather than start with intangible ideas and try to determine the number of employees each region would need. Especially so, since the



are problems of bargaining, setting up of development programs, for example; such programs, because of their vast involvement, will compel the regional offices to increase their staff.

**Mr. Clermont:** Mr. Saumier, has it been difficult to secure the services of rural development specialists? I think that one of the reasons of the slow progress made in developing that program has been the difficulty of securing the services of economists well aware of rural development methods.

**Mr. Saumier:** There is a general problem which faces us to the same extent it does other federal and provincial departments of industry. Economists are few in number and, generally speaking, they can set their own conditions. At first, we met with some difficulty in engaging economists and other highly qualified personnel, because our program was not widely known. We notice now, as ARDA's achievements are progressively better known across the country, that requests to join our group are received from more and more people. This seems like a good omen.

**Mr. Clermont:** At page 192, item 22, I see an amount of \$100,000 for the Canadian Council on Rural Development for 1967-68, while there was nothing in 1966-67. Is this a subsidy, a grant, a gift?

**Mr. Saumier:** No. The Canadian Council on Rural Development is an organization provided by the Act respecting ARDA, wherein it is provided that the Minister may set up any advisory council he may deem advisable. The Minister has set up such a council, namely, Canadian Council on Rural Development, and the sum of \$100,000 is deemed to be the budget of the Council.

The reason why no such estimates appeared in 1966-67 is that the Council's estimates were embodied in various departmental items; this year, however, we have decided to present distinct estimates for the Council, which seems to be justified by the Council's identity as a growing concern.

**Mr. Clermont:** For the current year, i.e. 1967-68, Mr. Saumier, I notice that you have allotted 22 million dollars to ARDA namely, 18 million dollars towards eventual federal-provincial agreements and 4 million dollars towards research; I also notice that, as you pointed out last Thursday, although \$25,000,000 were put at the federal government's disposal each year under the agreement of 1965,

the provinces have never received the full amount voted every year since the setting up of the ARDA program. Why?

**Mr. Saumier:** This, Mr. Chairman, is one of the particular features of the ARDA Act, which may be spelled out as follows: the ARDA Act and the federal government, in a way, make up financially to the provinces for the programs they have decided to set up under that Act.

In other words and to make the actual process crystal clear, I may say that when any province agrees to adopt a program under ARDA, it submits it to Ottawa for approval and eventual reimbursement; so that the sums actually paid as federal subsidies under the terms of the ARDA Act are basically dependent on provincial activities within the terms of the federal-provincial ARDA agreement. In other words, the responsibility of initiating projects of the ARDA type rests with the province, any province, within its administrative services; once such programs are set up, they are submitted to us by the province for approval and sharing of the costs.

**Mr. Matte:** So, you are there solely to approve?

**Mr. Saumier:** If you want to put it that way, theretically we approve. In fact, all the work performed in recent years has consisted in perfecting the whole mechanism which, from being a buffer of a sort, has become a mechanism of cooperation whose function is to determine, with the provinces and in close cooperation with their own services, the type of program that both governments, federal and provincial, deem advisable in the best interests and needs of the province.

**Mr. Clermont:** Mr. Saumier, does this mean that local groups, such as county or municipal councils are barred from applying directly to the federal government, and that they have to go through the provincial authorities?

**Mr. Saumier:** All requests have to be addressed to the province.

**Mr. Clermont:** In other words, we, from the federal government, have to provide means to support these projects, but the only programs we may initiate are in the research field?

**Mr. Saumier:** You are in the hateful position of having to levy taxes to provide funds which you give to the provinces who, in turn, have nothing to do but spend them and get all the credit therefor.



**Mr. Clermont:** But I do believe that the federal government may take no initiative, except in the field of research and studies.

**Mr. Saumier:** There are two types of research: there is the research done mainly under the Canada Land Inventory, which is entirely financed by the federal government. There are also the joint research projects initiated by the provinces which we finance on a 50 per cent basis.

But if you will let me, Mr. Chairman, I would like to revert to the question that Mr. Clermont just asked. All the work we do, which work progresses quite rapidly, consists, as I said, in seeing that instead of being a program where the federal government acts as a mere paying agent, we transform the ARDA program becomes a program of close cooperation between the provincial and the federal government.

**Mr. Clermont:** Would that mean, Mr. Saumier, that the federal government would also be able to take initiatives, if we except the fields of research?

**Mr. Saumier:** According to the terms of the federal-provincial ARDA agreement, the federal government, presently, cannot act directly in the provinces' areas. The way we proceed to make this situation, this state of affairs change is essentially by way of joint projects of rural development under which we try to set up agencies which will enable us to show more clearly that the federal government is not merely a tax collector but also a government which develops concrete projects for the people living in the territory.

This is becoming possible since, under the FRED convention, certain federal departments step in, for example, the Department of Public Works or the Central Mortgage and Housing Corporation or the Department of Agriculture. Under the ARDA agreement, the Rural Development Branch of the Forestry Department is not an operating agency, but a financing agency. Thus, in order to get concrete realizations, we must ask for the help of other federal departments which are in a position to act in a more visible fashion.

This is precisely what we are increasingly doing with the rural development plans where the other federal departments like the Department of Manpower, the Central Mortgage and Housing Corporation, the Department of Transport, are setting up, in the provinces, realizations quite revealing of their

activity, and at this point the federal government role is apt to become much more manifest than it is under the ARDA federal-provincial agreement itself.

**Mr. Berger:** I would like to ask a supplementary question related to the question asked by Mr. Clermont, Mr. Saumier. Since the request must come from the provincial government and must be reviewed by the department to which you belong, who accepts or rejects it? Would it be an indiscretion to ask, up until now, for example, in what approximate percentage have projects submitted by a province, been accepted or refused?

**Mr. Saumier:** This is a question quite difficult to answer, and I will tell you why. It so happens that we go along we work more and more in close cooperation with the province, thus taking part in the actual development itself of the project. Thus, in so far as the provincial and federal technicians, remain in close relation, before the project is submitted to us, as far as that relation exists, the projects rejected are very few.

Effectively, we can see, looking back, that less and less projects submitted by the provinces are rejected by the federal (there are still a few) because less and less projects are developed in isolation. In so far as collaboration exist at the start of the reflexion process, for the submission of a project to Ottawa often is the result of several months and even of over a year of technical work, in so far as collaboration is accused at the beginning of the project, right from the start we make sure that the project meets the federal as well as the provincial requirements. But when the projects are submitted to us ready for application, without previous consultation, evidently, the project's fate in Ottawa is rather uncertain. First consideration.

Secondly, one must bear in mind that the ARDA Federal agreement is a relatively recent agreement and, as is the case for all legislative texts, it can be given different or conflicting interpretations. Gradually, as time goes by, we settle for interpretations that are similar on both sides and at that moment, the proportion of refusals is reduced to a minimum by the absence or the small number of conflicting interpretations.

**Mr. Lefebvre:** One more question, Mr. Saumier. According to you, has the federal government ever refused a project submitted

by a province after said province had offered its collaboration?

**Mr. Saumier:** Yes, this has happened and still happens, in fact.

**Mr. Lefebvre:** Could you tell us why the federal government would want to refuse such a project?

**Mr. Saumier:** The only reason, Mr. Chairman, for which the federal government might see fit to refuse a project, is when the financing of the project cannot be shared, under the terms of the Act.

**Mr. Lefebvre:** That does not come under the terms of the ARDA Act.

**Mr. Saumier:** Very often, a province will decide that a certain project is valuable. Then, the province immediately puts it in action, finances it at its own expenses and, afterwards, sends us the bill. We must then examine the elements of the project to see if it can or cannot be financed by the federal, in part, under the Act. If the project can be financed, we pay the share provided for in the Act; if not, we tell them that we are terribly sorry that the project does not, in our view, come within the meaning of the Act.

**Mr. Lefebvre:** These are mostly projects that come ready for application to the federal, as you mentioned earlier.

**Mr. Saumier:** Right.

**Mr. Clermont:** Mr. Chairman, I am sorry if I insisted on obtaining explanations from Mr. Saumier, but, as you know, we, the MP's in Ottawa, are often criticized in respect of the ARDA program. As you explained and as is provided for in the Act, Mr. Saumier, the initiative must be left to the provinces who submit projects to the federal government, and the federal government shares or does not share the cost of the projects. Under the 1965-1970 agreements, Mr. Saumier, a sum of 25 million dollars is made available to the federal government for each year covered by the agreement, and these sums are divided between the provinces according to a specified formula.

**Mr. Saumier:** The government formula, Mr. Chairman,—

**Mr. Clermont:** Only in general terms.

**Mr. Saumier:** It is a rather complex formula where the rural population of each province is taken into account, as is also, within the rural population, the poverty element of the same in respect of certain income

standards considered acceptable for the country as a whole. In other words, the formula, essentially, takes into account the proportion of the rural population of a province earning an income inferior to a certain level.

**Mr. Clermont:** Do you think, Mr. Saumier, that one, two or three counties, or a region like the Western Quebec region where two or three of these counties are situated in designated areas, could be places likely to be eligible for ARDA projects?

**Mr. Saumier:** Effectively, indeed, I would say that a large part of the province of Quebec has been designated, under the terms of the ARDA Act, as eligible to certain programs of special aid under the Act. There is barely no part of the province of Quebec, except areas contiguous to larger cities practically free of rural populations, there is consequently almost no area where the benefits of the ARDA Act do not apply, in so far, of course, as these areas submit projects through their province.

**Mr. Clermont:** What puzzles me, Mr. Saumier, is that we receive, from time to time, from your Department or from your service, reports on certain projects, either from British-Columbia, Alberta, or Nova-Scotia, etc. Unless I am wrong, I can find no report announcing projects for the province of Quebec, and I know that in 1966, more than 56 or 58 individual projects have been signed between the province of Quebec and the federal government. Why?

**Mr. Saumier:** Mr. Chairman, there is a very simple reason for this. If you consult a certain part of the ARDA agreement, you will find that under the agreement, we are in a position to contribute financially to the establishment, within the provincial administration of the ARDA, of Information Services. And, as far as it is possible, we prefer that the releases about ARDA projects, in a province, to be made by the Information Services of the province, within a certain framework mutually agreed upon. As far as Quebec is concerned, effectively, the publicity respecting any ARDA project in Quebec is the responsibility of the provincial administration for ARDA.

**Mr. Clermont:** Yes, but does the federal government contribute?

**Mr. Saumier:** The federal government contributes to the Service, yes; it shares the financing of—



**Mr. Clermont:** Why are we not, as representatives, at the national level, informed of these projects otherwise than by the index of the work done—

**Mr. Saumier:** You do not receive any information from the province of Quebec?

**Mr. Clermont:** I learned of projects upon receiving the index of accomplishments. Then why, if the federal government contributes to the projects,—I don't know if it is on a 50 or a 75 per cent basis—

**Mr. Saumier:** Fifty per cent.

**Mr. Clermont:** To the cost of the information,—can't the federal Member of Parliament be informed that such and such a project has been approved for such and such an area in the province of Quebec? It seems to me that this is the only province where the press releases do not come from your Department, in conjunction with the provincial administration for ARDA?

**Mr. Saumier:** The press releases, generally, are issued jointly, but as far as Quebec is concerned and some other provinces also, the press releases come from the provincial capital instead of coming from the national capital.

**Mr. Clermont:** I am sorry if I must insist. I was looking this morning through my file of press releases. I found, Mr. Saumier, releases concerning projects from the different provinces of Canada except from the province of Quebec. And you tell me that 50 per cent of the information services are financed by the federal government. I think it would only be fair and reasonable that the federal Member of Parliament be informed also of the individual projects approved by the province of Quebec and the federal government, and not learn about it only six or seven months or a year later, or read about it in the newspapers.

**Mr. Saumier:** Could I, Mr. Chairman, suggest that Mr. Clermont contact the Quebec administration for ARDA and ask them to send him the releases?

**Mr. Clermont:** I do not think, Mr. Saumier, that this should be my own problem. Since your Department signs agreements with the government of the province of Quebec and pays 50 per cent of the cost, I would think that it falls to your Department, to your service, to ask the province to send us the release at the time they are dispatched to the newspapers.

(English)

**The Chairman:** I just want to find out—

● (10.10 a.m.)

(Translation)

**Mr. Lefebvre:** I just want to explain one other thing, Mr. Chairman; it will take me about two seconds.

Recently, a study was made on the North-Western Quebec, the Sice report, for example. I really had a hard time obtaining a copy of that report. Finally, I wrote to Clément Vincent, a minister in Quebec. I tried also to contact your Department on several occasions and I have not been able to get one. That report cost \$12,000. The federal government has contributed \$6,000 and the federal member of Parliament has no way to obtain a copy. I see there a lack of organisation, of planning. Something is wrong.

**Mr. Saumier:** Mr. Chairman, I cannot remember the details concerning the project, but it is possible that the report was issued in only one original, and has not been reproduced anywhere else.

It can be, on the other hand, that the province that asked for the realization of the project also wants the announcement of the projects to be restricted. This is possibly a legitimate requirement. It might also be that the report is presently being printed or that a summary of the report is being prepared for distribution. In that case, I would have to inquire upon the exact situation of the particular report you mention.

**Mr. Lefebvre:** The report was already published, but the federal authorities could not get hold of any copy.

**Mr. Saumier:** You have not been able to get hold of a copy?

**Mr. Lefebvre:** I finally got one after all the others.

**Mr. Clermont:** Mr. Chairman, I think I have gone beyond my 20 minutes time limit, even if I still have several other supplementary questions.

(English)

**The Chairman:** Yes; I can tell by the looks of several members that they feel you have gone to your limit, and my watch says so, too.

I think I should point out to the members that we will not have to vacate this room at 11 o'clock. Mr. Kirby has made arrangements so that we can continue. I have several members on my list. The next is Mr. Stefanson and then Mr. Herridge, Mr. Jorgenson, Mr. Choquette—Mr. MacDonald (Prince) was on my list, but he is not here—Mr. Forbes and Mr. Flemming.



**Mr. Stefanson:** Mr. Chairman, I have just a few short questions, but now that Mr. Clermont has been given half an hour, I think—

**Mr. Clermont:** Pardon me, I did not get half an hour, Mr. Stefanson; that is not true, because there were supplementary questions.

**The Chairman:** We did not start at 9.30 and he was not very far past the 20 minutes.

**Mr. Clermont:** I started at 10 minutes to 10 o'clock. It is a quarter past ten o'clock now.

**Mr. Stefanson:** It was an unusually long time and if every member is going to ask questions for that length of time I think we are going to sit a very long time, Mr. Chairman.

**The Chairman:** Mr. Stefanson, I want to point out that it is very difficult for me to keep an accurate account of time because of the number of supplementaries that are entered, and that is why I as Chairman—

**Mr. Clermont:** Should we not ask questions that you do not like, Mr. Stefanson? Do you not want the government members to ask questions?

**The Chairman:** Order, please. I do not think we are getting anywhere here at all. One of the reasons I do not like supplementaries is because we lose track of the time and some members who indicate they want to ask questions ask the same questions as supplementaries. I think we can continue now with your line of questioning, Mr. Stefanson.

**Mr. Stefanson:** Thank you, Mr. Chairman. I have just a few questions I want to address to Dr. Saumier. I thought I heard you say in your statement this morning that ARDA was initiated in 1963. The ARDA legislation was passed in 1961 and the first agreement was from April 1, 1962, to March 31, 1965. That is the first three year period.

**Mr. Saumier:** I stand corrected, Mr. Chairman.

**Mr. Stefanson:** Then the second agreement, of course, is from April 1, 1965, to March 31, 1970. You did dwell also on the fact that the program has been expanded a great deal. The original aims of the ARDA program were:

...to put to better use some marginal land that is not very productive in its present use; to develop income and employment opportunities in rural areas; to develop and conserve the water and soil resources of rural Canada.

I think basically that is still the program of ARDA.

**Mr. Saumier:** Yes.

**Mr. Stefanson:** Perhaps you have expanded the interpretation of different projects that have been submitted. This is strictly the ARDA program, not the FRED.

I am going to ask questions on those three votes. Under Vote 25 there is \$350,000 for advertising and films; last year it was \$61,000. What is the reason for stepping up this program so much? What are the plans for this particular vote?

**Mr. Saumier:** Mr. Chairman, the ARDA administration, of course, is concerned about the amount of knowledge of its program across the country. We had a survey made by an independent organization to assess the extent of knowledge about ARDA in rural Canada. I must say that we found, not entirely to our surprise, that this knowledge was very slim indeed; that a small percentage of the rural population in Canada was not even aware of the existence of ARDA.

This seemed to us a deplorable situation, because this program is aimed at the rural population and unless people know of its existence and what it can do for them, they will not be able to take full advantage of it. This has led us to consider launching a publicity campaign across the country some time this fall or early in 1968, with the goal of informing the rural population of Canada about the existence, programs and benefits of ARDA. This is precisely what this vote is for: namely to design and launch a nation-wide publicity and information campaign across rural Canada within the next few months to solve the problem or, at least, try to solve it.

**Mr. Stefanson:** Will this be by newspaper advertising?

**Mr. Saumier:** It will be an integrated program of newspaper, radio and television advertising. We will follow the advice of whatever specialist is best suited to do that.

**Mr. Stefanson:** Thank you. Under Votes 35, the arrangement with the provinces, I believe you mentioned in your statement—the item here is \$18 million and \$4 million, identical to last year—that this was not the full amount allowed under the agreement and that the full amount has never been expended so far. Has any province used up the full amount that it is entitled to under the program in any one year?

**Mr. Saumier:** I am told that no province has. In fact, this is a little complicated because it is one thing for a province to announce that it is going to spend so much money and another actually to spend it. We have to work with provincial decisions to engage in a program, and then if this program gets moving full steam ahead the moneys are actually expended. But no province has spent its full allotment so far.

● (10.20 a.m.)

**Mr. Stefanson:** Thank you. Then concerning the statutory Fund for Rural Economic Development—Project Payments, \$11 million, in your statement you broke it down to \$3 million for Manitoba, \$4 million for the two projects in New Brunswick, and then another \$4 million. Is it correct that any expenditure from this particular fund is used only in designated ARDA areas?

**Mr. Saumier:** That is correct, but I should like to make it clear. There are two kinds of areas. There is what the agreement calls the rural development area, and also the special rural development area. The fund for rural economic development applies only to the special rural development areas. These funds can be spent only within these special rural development areas which are areas where there is, on the one hand, a development potential and, on the other, a special poverty problem which together justify the launching of a comprehensive development scheme.

**Mr. Stefanson:** To date you have signed three agreements for special development projects, the two in New Brunswick and one in Manitoba. My understanding is that in New Brunswick preparation for the projects was done by a task force, but in Manitoba many local area development committees were set up to work with the provincial authorities, and so on. Which form of approach do you think is better?

**Mr. Saumier:** I suppose I have no official view on that. The development of the plan is a joint endeavour between the province and the federal government. We have our specialists and our own ways of developing a plan; the province has its way, and we hope the two mesh at some point.

The intent of the FRED Act is that the preparation and implementation of the plan involve local participation to the fullest extent possible. This requirement of the FRED Act we try to observe as closely as we possibly can, to see that the people are not only in-

formed of what the plan is going to be, but that they take an active part in looking at their own problems and evolving their own solutions to these problems. These solutions are then scrutinized by specialists who are aware of the technical considerations and wider issues at hand, and it is by this co-operation between the local population and the specialists that the plan ultimately is evolved.

The extent to which this goal can be achieved varies, of course, from situation to situation. But the aim we have in mind is to involve the local population in the development of the plan as much as possible in a real way and, once the plan has been approved, in its implementation.

**Mr. Stefanson:** I realize that you must have local participation for the program to work. This is why I like the idea of local development committees. I think by having the local development committees working in this way before the program is implemented you have the people prepared to implement it.

You were at the signing of the comprehensive agreement for the Interlake area in Manitoba at Arborg on May 16. With the implementation of that particular agreement, does the federal government set up a staff, or is it strictly a provincial government staff that will operate it?

**Mr. Saumier:** No, Mr. Chairman. The structure that is envisioned for Interlake is a joint structure. The Interlake plan has three aspects. Some programs are strictly a provincial responsibility, for instance education; some programs are strictly a federal responsibility, for example housing subsidies; some programs are joint responsibilities. The purpose of the plan is to have these three aspects move together in a co-ordinated fashion so that the plan gets going as a whole as opposed to a mix of independent elements.

To ensure this the structure is a joint Federal-Provincial Advisory Board, composed of senior provincial and federal officials, which meets periodically to review the progress of the implementation of the plan and to approve budgets. As a matter of fact, the first meeting of the joint Advisory Board is going to be held in Winnipeg tomorrow.

**Mr. Stefanson:** Is this Board composed of just federal and provincial officials?

**Mr. Saumier:** That is right. The Board has two co-chairmen; I am the federal co-chair-



man, and there is a provincial co-chairman who, as a matter of fact, far Interlake is the Deputy Minister of Agriculture.

Then there are two officials in the federal and provincial offices. The federal official is called the Federal Plan Co-ordinator and the provincial official is called the Provincial Plan Director, whose duty it is to see, on a day to day basis, that the right kind of projects are developed within the broad program to be found in the plan and that they get off the ground and move as they should be moving.

The Provincial Director has a small staff and the Federal Co-ordinator will also have a small staff as needs may require. We are moving here so far as we can in a very empirical fashion. We are trying to make our establishment proportionate to the needs rather than the other way around, so as of this morning there is a Federal Co-ordinator for the Interlake plan situated in Winnipeg who finds his counterpart in the Provincial Director who is also situated there.

**Mr. Stefanson:** I have just one more brief question. Under these comprehensive agreements not only ARDA and FRED can participate but for projects like Interlake money comes from other departments such as the Department of Manpower and Immigration and possibly others such as Central Mortgage and Housing Corporation. This is correct, is it not?

**Mr. Saumier:** Yes.

**Mr. Stefanson:** Do you have plans under study in the other provinces at the present?

**Mr. Saumier:** We have plans, Mr. Chairman, in various stages of development in the provinces of Quebec, Nova Scotia, Prince Edward Island and Newfoundland. We have other plans in various preliminary stages of development in some Western provinces as well.

**Mr. Stefanson:** Thank you. I have some other questions, but I will pass, Mr. Chairman.

**The Chairman:** All right, Mr. Stefanson. May I ask a supplementary? Do you have any plans in Ontario at the present time?

**Mr. Saumier:** We are having discussions with the Ontario government for the establishment of a special rural development area in Ontario.

**The Chairman:** Thank you.

**Mr. Herridge:** Mr. Chairman, I am very interested indeed in the work of this Branch

but I am going to be fairly brief in order to give other members of the Committee an opportunity to ask questions during this hearing.

**The Chairman:** You are too close to the microphone, Mr. Herridge. Your voice carries very easily.

**Mr. Herridge:** That is one of my faults; I am always getting too close to people.

I was very interested in your remarks with respect to the development, more or less, from the strictly ARDA program to rural development in general. I am interested in the philosophy behind it. Could you, Mr. Saumier, give us some idea how that development occurred? Was it as the result of federal-provincial experience or did it come from criticisms of the ARDA program itself from local organizations? I would like to know what caused this because I think it is a very interesting point.

**Mr. Saumier:** Mr. Chairman, I should preface my remarks by saying that I have been associated with the ARDA program for only a few months, actually since the beginning of the year, so my knowledge of what went on before is academic, if you will; it is not from experience.

My feeling is that the ARDA program has evolved in response both to its own success and to the new needs that became apparent because of that success. In other words, because the program that was initially launched was successful it generated some new needs. These needs were perceived both by the provinces and by the federal government. As a consequence of this awareness of these new needs, the ARDA program was gradually enlarged.

So I do not think it is far to say there was a monopoly of wisdom on either side. If the program had been a failure it would not have progressed; it would not have been enlarged. This happened because it was successful. When it was successful it was realized that the roots of the problem were deeper than some might have previously thought. Therefore, the program was made more pervasive in order to reach further and further towards the roots of the problem of rural poverty. Does that answer the member's question?

**Mr. Herridge:** Yes sir, and I am very satisfied with the answer. Now, so far as the procedure is concerned, Mr. Saumier, could



you explain to the Committee the procedure in developing a program of this type? Does it come in some instances from the local people to the provincial governments and then they make a proposal to the federal government? I am just interested in getting an over-all picture of the procedure used at the present time to get a program instituted.

**Mr. Saumier:** May I ask the member, Mr. Chairman, whether he is referring to a Fred type of program, namely, a comprehensive development type of program or to the regular type of ARDA program?

**Mr. Herridge:** No, I am referring to the FRED type of program.

**Mr. Saumier:** This is a bit complex, Mr. Chairman. It is complex because we are dealing with complicated problems on the one hand and on the other with a new approach to these complicated problems. It is complex also because the situations vary from province to province and from area to area within each province.

Perhaps we can take a concrete case. Let us take the Interlake case. Some years ago various local groups were formed in the Interlake that were concerned with the development of their area. They were aware that their area had some deep-seated problems and that the solution of these problems was not entirely within their own hands. So they formed various committees to study these problems. These were local committees which met many times for a period of months and, indeed, years and with the assistance of ARDA they prepared various reports which were, if you will, concerned with several identifiable problems of the area.

Meanwhile the FRED Act was passed by Parliament and it became possible to think in terms of a comprehensive plan for this area. A special effort was made then by the province to integrate the reports of the local development boards into a more comprehensive document. This was, by and large, a provincial effort in the case of the Interlake. The local boards were assisted by specialist technicians from the province, and the provincial ARDA office in Manitoba worked very hard to integrate all these documents into a comprehensive plan.

Meanwhile we were kept informed of this progress and we began discussions with the provincial authorities about the content of the plan and the timing of the various elements within the plan because, as was mentioned

before, this was a plan which brought together the efforts of a number of federal and provincial departments which traditionally operate more or less in isolation. We tried to put all these together within a regional framework.

This culminated in a series of technical discussions between federal and provincial officials towards the end of last year. When there was agreement between officials—meanwhile, of course, the various federal departments in Ottawa were kept fully briefed on the impact or content of the plan as it concerned them—at the federal and provincial level a preliminary agreement was drafted.

This agreement on the federal side was submitted to a body called the Advisory Board to the Fund for Rural Economic Development which is composed of ten senior officials, deputy ministers and assistant deputy ministers. The Board studied the plan and made recommendations. There were further discussions with the province. There was a second submission to the FRED Advisory Board. The FRED Advisory Board indicated that it was then willing to recommend to the Minister of Forestry and Rural Development that he submit the plan to the federal cabinet for approval. There was a similar procedure on the Provincial side at the same time.

So at a given point the plan, as recommended by the Minister of Forestry and Rural Development, went to the Cabinet Committee and eventually to Cabinet. It was approved by the Cabinet and a formal agreement was signed by the Premier of Manitoba and our Minister in Arborg some weeks ago.

Basically, in a very brief outline, this is the progress of the plan. I am sure, Mr. Chairman, that members will realize this is only the tip of the iceberg, and to make sure there is agreement among all federal departments, provincial departments and the two cabinets is a complex process, which, at times, is very time consuming. I might mention this is one of the reasons we have such a high vote for travel expenses. These consultations have to be on the spot with the people who have to make the decisions.

**Mr. Herridge:** Thank you. Mr. Chairman, I was very pleased to hear Mr. Saumier mention there is going to be an improvement in public relations. I think that is very necessary. In the district from which I come—I represent the Garden of Eden, Kootenay West, sir—there was criticism by farmers' or-

ganizations and even by the press. A land survey was being undertaken and, you know, local people like to know what is going on. I think it is most essential that through the press and local organizations, and so on, the people be informed of the objectives even of the surveys in question, because I think local participation is essential if the program is going to be successful.

I was interested in your remark that on some occasions the provincial government would request that a report on a project not be made public. What would be the reason for that? I should have thought the more publicity the greater advantage to both governments.

**Mr. Saumier:** I suppose Mr. Chairman that when a client asks somebody to do some work for him it is possible for the client to request that the report also be made to him. Then, after he has seen the report, he may decide that the report should not be published, perhaps because the report is not as good as he thought it would be or because it is too controversial.

**Mr. Herridge:** Actually, because it has not been finalized?

**Mr. Saumier:** That is right.

**Mr. Herridge:** I am interested in the development of recreational areas because there are quite a number of hot springs in my constituency and the most magnificent ski jumps in Canada. Does your Branch enter into plans with provincial governments for the development of recreational areas and, as a result, the tourist development of the area?

**Mr. Saumier:** Mr. Chairman, I think it is important to know that the over-all aim of the ARDA program is not tourist development as such; it is the improvement of rural income.

**Mr. Herridge:** Yes.

**Mr. Saumier:** Any recreational projects have to be assessed from the point of view of the extent to which they improve the income situation in the areas of rural poverty. I say that because I think it is important to stress that primarily we are not in the business of recreation. Therefore, any recreational development program which comes to us has to be looked at not only for its own intrinsic merits, if you like, but also for the impact it will have on the rural area in which it will be located.

This, of course, creates a real difficulty. If we were, for example, to support the building of so-called local amenities it would be a very vast exercise indeed and the \$25 million voted annually for ARDA would be quite insufficient. So we have taken the position that we will consider recreational development only in cases where these developments are owned by public authorities of some kind as opposed to private development and only where it can be clearly established that such developments, by means of benefit-cost analysis, would be of benefit not only to the population of the immediate area, but also to broader populations to bring to the area income from outside the area.

Of course you can define an area in such terms that anybody coming from five miles away will bring income. But we have to think in terms of a broader area and this is why you will find in the agreements a requirement that for certain types of recreational projects there should be a plan of some kind to show how this development fits into a broader package so that we avoid a situation where two communities build identical facilities, one next to the other, and neither of the two can succeed and grow in a profitable manner.

**Mr. Herridge:** I have one final question. Have you had any applications from the government of British Columbia for the development of ski hills in provincial parks?

**Mr. Saumier:** Offhand, Mr. Chairman, I do not remember seeing any such request so far.

**Mr. Herridge:** Would such an application be considered?

**Mr. Saumier:** It could be considered, surely.

**Mr. Fairweather:** Are there possibilities of ski slopes in the Garden of Eden?

**Mr. Herridge:** Many.

**The Chairman:** Thank you, Mr. Herridge.

**Mr. Jorgenson:** Mr. Chairman I notice in looking over the projects listed that quite a number of them deal with the establishment of blueberry farms. I did a rough count and I am beginning to wonder whether we are starting to flood the market with blueberries. Could you tell me how many such projects are in existence, or for which you have signed agreements, across Canada and in what provinces they are located?

**Mr. Saumier:** Mr. Chairman I would like to assure you—



**Mr. Jorgenson:** While you are looking for this information I wonder whether you could tell me just to what extent these blueberry projects are improving incomes in the areas in which they are located? How many people are involved? There is one project for the development of 3,460 acres for blueberries. It is in Roberval County and the total cost of that project is \$185,000.

**An hon. Member:** How much?

**Mr. Jorgenson:** It is \$185,861. I was wondering just how that money was spent in developing that particular project.

**Mr. Saumier:** Mr. Chairman, this question about blueberries is a very interesting one because it has been preoccupying us for some time. I will explain the rationale behind blueberry development and I say this not as a specialist but from what I understand from the specialists in the area. By and large blueberry growing right now is what we call in French "artisanat". It is a more or less accidental development. People go into the forest lands which have been burned down for some reason—I am told apparently they even help the process of their own accord—and they gather blueberries, and a vast conglomeration of people come from various parts of the area and at times even from far afield. I am told that Americans with trucks have been seen in Lake St. John coming to pick blueberries.

Nonetheless, there are people coming from a wide area and picking blueberries in a very disorganized fashion. The market is not organized and the production is not organized. What we have been trying to do with these blueberry projects is to organize the production side. In other words, we have been trying to find ways in which blueberries can be grown, the same as strawberries and raspberries are grown. There are wild raspberries and strawberries, and then there are the varieties which become horticultural. We can grow them specifically. In the blueberry field, by and large, we have been dealing so far only with wild blueberries and we are trying to change this to an agricultural industry where the blueberries will be grown under controlled conditions and exploited like any other crop.

This poses technical problems of soil, humidity, climate and so forth and it also poses problems of a sociological nature because, as I mentioned before, traditionally the way to gather blueberries is almost a part of folklore. So when we want not only to change the

technology but to change the social environment surrounding the blueberry-gathering process, this is bound to be quite a complicated situation because we are breaking new ground in both areas. We are trying to install a technology of blueberry growing and gathering which is, by and large, still experimental and we are trying to structure around this technology a behaviour which was not present before.

This is why, as you can see, this process has been quite expensive and I must say in all fairness it has not, so far, been entirely successful. But generally we are not deterred by our initial failures and in the case of the Quebec projects particularly the Quebec government has retained the services of experts.

**Mr. Lefebvre:** Is that in northwestern Quebec, Mr. Saumier?

**Mr. Saumier:** That is physically in the Lac St. Jean area. There have been some very important projects there. The actual results of the projects have not met our expectations, but we are confident now that we have found the reasons and with the new projects coming forward these difficulties will be eliminated in an effective fashion.

It is not only a matter of growing the blueberries and gathering them but of training a work force with new implements to gather them and of having the industrial equipment to freeze the product and to market it in Canada and the United States. We have grading and freezing problems and we are developing new technologies from one end of the spectrum to the other. That is why this has been such an extensive project.

We believe we are reaching the point where the benefits from this involvement will become apparent.

**The Chairman:** Mr. Jorgenson, Mr. Tucker has a short supplementary.

**Mr. Tucker:** What is the blueberry industry worth to us?

**Mr. Saumier:** This is an industry which eventually will be worth many millions of dollars. As it is now, the supply side being quite unorganized, the full demand has not been tapped yet. The reports we have lead us to believe that the demand for blueberries vastly exceeds the actual production, and that this demand would be further increased if the production were organized in such a way that blueberries could be graded and aggressively marketed. The demand would be even greater than it is at present.



**Mr. Tucker:** Are we not importing blueberries from the United States? I think we are bringing them in from Maine.

**Mr. Saumier:** I believe we are to some extent; also there is a substantial export movement.

**Mr. Tucker:** Can I get more information on this industry from you?

**Mr. Saumier:** Yes, we have published a report on blueberries which we could send you.

**Mr. Tucker:** Thank you.

**Mr. Saumier:** We will see this report is distributed to all members of the Committee.

**The Chairman:** Fine; all the members of the Committee will get a copy.

**Mr. Schreyer:** Mr. Chairman, I have Mr. Jorgenson's permission to ask a supplementary.

**The Chairman:** I know how Mr. Jorgenson likes supplementaries; about as much as I do, so go ahead.

**Mr. Schreyer:** My question is simply this: I am not quite sure I understood what you meant, Mr. Saumier, when you make reference not only to changing the technology involved in blueberry gathering and production but also to "re-structuring" the behaviour of those engaged in that work. I am not sure I know what you are referring to. Could you elaborate?

**Mr. Saumier:** Well, somebody from the Lac St. Jean area in Quebec who is a very important blueberry producer could be more explicit than I, but I understand gathering blueberries takes place over a short period of time and that it is almost a festival. People come from great distances; they have parties; they sing; they dance; they drink at night. Blueberries are gathered on very difficult terrain in the woods. This is an occasion for universal rejoicing. I suppose in a way it is like a harvest on a small farm.

**The Chairman:** It is like a harvest festival for blueberries.

**Mr. Schreyer:** It sounds like a wine festival in Germany or something like that. I think I get the point Mr. Chairman.

**Mr. Saumier:** We want to grow blueberries on specially prepared land with automatic machinery to gather the blueberries, and so forth. Then we need professionals. We need

workers, not people who come to gather blueberries and enjoy themselves at the same time.

**Mr. Schreyer:** Are you thinking in terms of almost steady employment; making it an occupation rather than a diversion? Is that the idea?

**Mr. Saumier:** I do not think that in the very near future it will become a full-time occupation for a great number of people. Rather it will become a means of supplementing the income of some people who otherwise live in a difficult position.

**The Chairman:** If I have Mr. Jorgenson's permission I would say that living near the State of Michigan I know people who do blueberry farming and they live in Florida all winter. They come back, make sure their blueberries are growing and then harvest them. It is a very successful business for them. So far as I am concerned I think blueberry production in Canada certainly has terrific potential. The departmental people, for encouraging this to be done in a businesslike fashion, certainly are to be congratulated.

**Mr. Jorgenson:** I note also, Mr. Saumier, that you have signed an agreement with the Province of Quebec to study the blueberry marketing scheme and to set down standards for plants, and that this program cost you \$37,383. What was involved in studying blueberry marketing for that amount of money? From looking over the lists of the schemes that have been studied and the amount of money involved in these studies it seems to me that the economists of this country have found a real porkbarrel.

There is another example here: Master Plan for Town Planning in the Pilot Region, whatever that means. That was \$38,000 of which the Provincial Government paid half. Then there was a supplementary of \$15,500 added to that for a total of \$53,500 just for studying a town planning program.

**Mr. Saumier:** Could you give us the number?

**Mr. Jorgenson:** Yes, the number of that is 24015; the supplementary is 240151.

**The Chairman:** Mr. Jorgenson, what are you quoting from?

**Mr. Jorgenson:** This is a list of ARDA projects that have been signed.

**The Chairman:** Is there a number or anything on that?

**Mr. Jorgenson:** ARDA projects approved up to—

**Mr. Saumier:** Yes, Mr. Chairman; this was part of the research for the preparation of the comprehensive plan for the development of the Gaspé area. The exact title which you will find in the ARDA catalogue is: Definition of Standards for Physical Town Planning in the Gaspé Pilot Region. The reason for that is as we move people out of certain depressed rural areas they have to be taken to other centres. It is necessary to study beforehand the impact of the movement on these smaller urban centres to see how they have to be organized, even from the physical planning point of view of being able to receive and adequately service the displaced population.

**Mr. Jorgenson:** Yes, I can see the logic of that. What size of town was involved that would cost something like \$53,000?

**Mr. Saumier:** Mr. Chairman, this was a study which applied to the Gaspé area generally. It was not designed only for one particular townsite but it was designed generally to fit the situation of the area which included climate and so forth.

**Mr. Jorgenson:** I have another one here, project No. 24039, for, Improvements to the Banks of the Batiscan River in Champlain County, \$15,850. Would you mind telling me just how improving the banks of the river would improve the income of the people of that area?

**Mr. Saumier:** It was in fact the construction of a river embankment at Ste-Geneviève-de-Batiscan. It was a sort of water conservation project designed to prevent erosion of the sides of the river by periodic floods plaguing the area.

**Mr. Jorgenson:** The next one is for blasting a rocky spur in the bed of the Rivière Noire in Charlevoix County. Just what did that involve?

**Mr. Saumier:** It was also a flood prevention project. I am not familiar with the particular geography of St. Siméon. I suppose there was a geographical formation there which caused water to accumulate and flood the area. This boulder was removed.

**Mr. Jorgenson:** It caused flooding of farm lands?

**Mr. Saumier:** That is right.

**Mr. Jorgenson:** At this stage, I do not think I want to ask any more questions, Mr.

Chairman. I will let somebody else ask them now.

**The Chairman:** Mr. Schreyer, on a supplementary.

**Mr. Schreyer:** In connection with specific project expenditures, I have here Project No. 7030 that has to do with a study made under joint federal provincial cost-sharing in the Province of Manitoba. If I understand it, it was a population analysis and I have the figures here showing that it cost \$20,000. The amount is not particularly significant but the component deserve some comment. For example, the major item of expenditure involves the services of a provincial staff analyst at a cost of \$10,000. Now, that provincial staff analyst is a full-time official of the provincial Department of Agriculture. I am wondering whether the \$10,000 that is imputed to his service was actually paid? He is, in fact a full-time provincial civil servant. Would ARDA be paying an additional amount?

**Mr. Saumier:** Mr. Chairman, what happens in cases of that kind is that if for a given project the province says: For that particular project we are going to hire a man; here he is and his name is so and so; he is a new body required for the specific purposes of this particular project; then the salary of this official is shareable under the ARDA agreement between the province and Canada.

**Mr. Schreyer:** The federal government actually pays out \$5,000 for this man's services?

**Mr. Saumier:** That is right, because he is working on a specific project the cost of which is otherwise shareable under the agreement.

**Mr. Schreyer:** The specific project mentioned had to do, as I said, with a population analysis and I looked through the published report. If I may say so it seemed to duplicate much that could, in fact, be deduced from census data. Why would ARDA be doing a population analysis of a particular area—it could be a census division—when a good statistician can get this information from looking in detail at the published census data?

**Mr. Saumier:** Mr. Chairman I suppose this was a project that had to do with the preparation of the plan for the Interlake. In a case like this, since we are trying to devise a program that will last for ten years, it is necessary to know what the probable evolution of the area will be over a ten-year period



from the economic, sociological and partly from the population point of view to see whether the area might not be losing population at such a rate that problems will be solved simply because the people will be leaving the area.

In a case like this there is no argument, or there is a weaker argument, for intervening with very strong incentives to develop an area, the problems of which will be righted by this population movement. So it is necessary to undertake some detailed work from the available census data to know how many people will be living in the area over a certain period of years; how many will be leaving the area and how many will enter the area, so that we have a fairly good idea of the kind of population which will be there and which will have to be able to live in an economic fashion within the area. At that moment we can devise methods and incentives to assist the population as projected, who derive their way of living from the resources of the area.

• (11.00 a.m.)

**Mr. Schreyer:** As I recall, the main emphasis of the report and of the study has to do with fertility ratios as between urban and rural women and I am quite sure that this can be obtained from census data. As a matter of fact, sir, in a rather serious vein, too, some of the measurements, statistical concepts used, left the layman puzzled. For example they had fertility ratios among different cohorts of mothers, and I must confess that I had never heard of this concept of cohorts of mothers used in a statistical analysis; but anyway, you have answered the main question that I put and that is whether or not there is duplication of that work as between census work and population studies made by ARDA itself.

I have other questions, Mr. Chairman, but it is not really my turn now, is it?

**The Chairman:** No, it is not.

**Mr. Jorgenson:** I had a question originally when I started, concerning the number of these blueberry projects that were in existence. I presume it will take you some time to give us this information. If you will put it on the record, then.

**Mr. Saumier:** We have 13 research projects in establishing blueberry stands, packing the crop and marketing, defining the standard and the procedures; and we have 27 projects which involve the acquisition and development of land. The research projects involve

total expenditures of \$239,000, sharable fifty-fifty between the provincial and federal governments, and the land acquisition and clearing project involves \$1.59 million, also shareable between the two governments.

**Mr. Jorgenson:** Could you break them down as between provinces where—

**Mr. Saumier:** Yes, Mr. Jorgenson, I can read it into the record.

**The Chairman:** I think that it might be faster and more satisfactory to you if we were to print it as an appendix to the proceedings.

**Mr. Jorgenson:** As long as it is placed on the record, I do not mind.

**The Chairman:** Does the Committee agree that this be printed as an appendix to today's proceedings?

Agreed.

(Translation)

**Mr. Choquette:** Mr. Saumier, let me first of all tell you all our appreciation. You belong to this new generation of qualified and dynamic officers and we are very happy to avail ourselves of your knowledge.

I gather from the documents which have been distributed to us that an annual allowance of \$25 million is provided for the implementation of ARDA projects and that an amount of \$18 million only has been spent during the current year. Have the \$7 million which have not yet been spent been earmarked for projects to be implemented during subsequent years?

**Mr. Saumier:** Yes, Mr. Choquette.

**Mr. Choquette:** In other words, the total amount, sooner or later, will be spent?

**Mr. Saumier:** We hope so.

**Mr. Choquette:** It is available. Could you explain to us, in a more detailed fashion, what is the difference between the proposed criteria for a program implemented under ARDA and for a program implemented under a rural development policy, that is for a program administered with funds provided by ARDA and for a program administered with funds provided for the rural development plan. Could you possibly name a few criteria that differentiate these programs from one another?

**Mr. Saumier:** If I understood your question correctly Mr. Chairman, you refer to the clas-



sical ARDA program, so to speak, if I can use this expression. . .

**Mr. Choquette:** Exactly.

**Mr. Saumier:** . . . and to the FRED program, on the other hand.

**Mr. Choquette:** The program deriving from an Act passed last year, that of rural development.

**Mr. Saumier:** Then, as far as the Act underlying the ARDA program, either classical or typical, is concerned, it consists essentially of isolated and regional projects. In other words, we may want to do drainage work somewhere in a province or implement a land consolidation program somewhere else and carry out a tourist promotion project at a third place. It is not necessary that all those projects form an integrated and coherent whole. That is the first difference.

As far as the entire development plans are concerned, so to speak, all the different projects must be integrated within the framework of a plan which maintains the internal coherence between the different aspects of the plan, so that all the projects are mutually sustaining and can meet specified objectives under the agreement generally pertaining to the economical progress of the rural area concerned.

A second difference is that, in the ARDA programs or projects, we have projects without implication of intervention from the other federal departments, like the Department of Manpower, the Central Mortgage and Housing Corporation or the Department of Transport, and so on, whereas. . .

**Mr. Choquette:** These are ARDA programs. They come under the direct jurisdiction of the Department.

**Mr. Saumier:** They come under the direct jurisdiction of the federal department concerned. There is no necessary intervention from the other federal departments, whereas, as far as the entire development plans are concerned, we are seeking, expecting the intervention of the different federal departments within the area and we try to co-nate, integrate and harmonize these interventions within the framework of the plan. Thus, *grosso modo*, in one case, a program may involve only a provincial department, may be "district minded" and isolated, and in another case, a program may involve several departments, federal as well as provincial, which program is not "district minded" but regional

and integrated within certain territorial limits.

**Mr. Choquette:** Can the rural development fund be considered like a fund especially earmarked for the war against poverty program and thus require a certain consideration from, for example, the Special Secretariat responsible for the war on poverty program?

**Mr. Saumier:** I shall answer, Mr. Chairman, to the second question first. The Rural Economical Development Fund, or the FRED fund, is essentially administered by an inter-departmental committee, called the Advisory Council for the Rural and Economical Development Fund, and composed of ten federal officials. The Director of the Special Plans Secretariat is among the ten officers making up this committee so that, automatically, through him, is secured the integration of the different activities undertaken under the FRED fund and the other activities of the federal government in the war on poverty field.

**Mr. Choquette:** A last question, Mr. Saumier, concerning the famous Eastern Quebec Development Bureau which submitted its report to the provincial authorities, last year.

How do you propose to implement the report submitted by the Eastern Quebec Development Bureau? What commitments are required of you, or, finally, what is the relation that can exist between the administration of this program and the activities of your Department?

**Mr. Saumier:** Mr. Chairman, as you said, the plan has been submitted to the provincial and federal authorities last year. This plan has been closely reviewed, in Ottawa as well as in Quebec. We held many technical meetings with the provincial officers who were examining the plan in order to specify what was to be accepted from the projects submitted by the consultants. The Eastern Quebec Development Bureau was essentially a group of consultants informing us on economic and social problems in the Gaspé Peninsula, that is the designated area stretching out of Gaspé, and on the remedies to be applied. Consequently, it was a working paper.

In the light of this working paper, the onus is on the two governments to decide what policy is to be followed for the area. This means that, even if a project, or a kind of action, is recommended by the consultants, that project is not necessarily accepted. It

may be amended or abandoned altogether, according to our own imperatives and policies.

Following this consultation between the federal officers and the provincial officers, we have straightened our position on both sides, a project has been submitted to the approval of the provincial government and the same project will be officially submitted to us shortly.

It will act as a starting point for formal negotiations between the central administration of the rural development in Ottawa and the group selected by the provincial government to work on an agreement which will reflect, in part, the recommendations of the Eastern Quebec Development Bureau.

A policy statement was made a few weeks ago by the Minister of Agriculture of Quebec, on the one hand, and by the Minister of Forestry and Rural Development of Canada, on the other hand, in which both governments committed themselves to continue the process and expressed the hope that an agreement might be signed before the end of 1967, to start the development plan for the designated area of the Province of Quebec.

**Mr. Choquette:** I would like to have something clarified concerning the rural developments. I am talking about the Mont Sainte-Anne which was developed under an ARDA program. Would you have considered this project as likely to be included in a program of rural development or a program to which could have been allocated rural development funds?

**Mr. Saumier:** In the case of Mont Sainte-Anne, Mr. Chairman, the ARDA contribution has consisted, certainly in the purchase of land which was used afterwards for tourist skiing purposes. If you look at the recommendations of the Eastern Quebec Development Bureau, you will find that several of these recommendations concern tourist development projects, so that the tourist development may very well be part of a global development plan as is the case, in fact, as far as the EQDB recommendations are concerned. It seems to me that some tourist development projects are likely to be retained in the preparation of the final agreement for the designated area at the Gaspé Peninsula and the Lower Saint Lawrence.

**Mr. Choquette:** Thank you, Mr. Saumier.

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• (11.15 a.m.)

(English)

**The Chairman:** The next member who has intimated that he wants to ask questions is Mr. Forbes.

**Mr. Forbes:** Mr. Chairman, may I first congratulate the witness on his ability to answer questions. As a matter of fact as I was sitting here listening to him, I was thinking if he were only a cabinet minister in the present government, what an improvement it would make on the situation. I have not heard any questions asked on the problem that I have in mind.

**The Chairman:** You could have used the past tense too, Mr. Forbes.

**Mr. Forbes:** Probably I should cite the problem. Our town with a population of approximately 8500 people is in a designated labour and industrial area, but we do not have a sufficient water supply to provide for the needs of the town over the next number of years. The project that has been surveyed will cost approximately \$1½ million and you can readily understand it is too much for a town with a population of that size. Under what department or plan here could we make application for financial assistance to develop the necessary water facilities?

**Mr. Saumier:** Mr. Chairman, I am not aware of the exact dispositions or laws that apply in Manitoba from the provincial point of view for the development of such water supply. From the ARDA point of view it is clearly stated in the agreement and in the Act itself as a matter of fact, that we are concerned with the rural population as opposed to the urban population so that if a water supply system is designed mostly to satisfy the needs of the urban population, then it cannot be shared between the federal and provincial governments under the ARDA legislation. There has to be a rural component, a very important rural component in a given project, for this project to become shareable under our own Act.

**Mr. Forbes:** I think we have that component through the employment created in the industry.

**Mr. Saumier:** It has to be related to the needs of the rural part of the population. In other words, it must be shown that this water will serve the needs of the rural population for irrigation purposes or whatever the purposes might be, as opposed to the needs of the urban population as such.



**Mr. Forbes:** Of course, I think we can do this by the employment it provides for rural or part-time farmers.

**Mr. Saumier:** I think it has to be more than the employment. In other words, the water must be needed, not by the urban people but essentially by the rural people in the area. It is a matter of who needs this water for this project for it to become sharable under the ARDA Agreement.

**Mr. Forbes:** Some of the industries that have been established there under this Industrial Development Plan are of direct assistance to agriculture. Do you not think that this would be a point to which we could approach it to?

**Mr. Saumier:** Do you mean because of the manufacture of agricultural implements, or—

**Mr. Forbes:** Well, a dehydrating plant for seeds and this type of thing.

**Mr. Saumier:** It has to serve directly the needs of the rural people, the farmers and so forth, in the area, as opposed to the needs of some more removed accessories.

**Mr. Forbes:** My colleague here suggests that it would provide a market for agricultural products. Would this be sufficient?

**Mr. Saumier:** It would have to be clearly related to the needs of the immediate user.

**Mr. Forbes:** All right, then, one further question. Supposing that the town officials discussed this with the provincial officials and that they, in turn, made application to you. Would you then give the project consideration?

**Mr. Saumier:** We would have to examine the extent to which it satisfies the criteria which I have just mentioned. This is something which we have to do because of the terms of our legislation.

**Mr. Forbes:** But, you do go outside of what we would call the ARDA areas for separate projects. Is this right?

**Mr. Saumier:** Well, we can at times.

**Mr. Forbes:** You can. Thank you.

**Mr. Stefanson:** I have a supplementary question.

**The Chairman:** Mr. Stefanson has a supplementary question.

**Mr. Stefanson:** In your definition of rural—

**The Chairman:** I think you should get a microphone closer to you, Mr. Stefanson.

**Mr. Stefanson:** In the definition of rural, surely a small village and a small town are counted as rural. Let us look at the Interlake area, for example. There is nothing there but small towns and I think the whole area would be a rural area, even though there may be a town with 800 or 1,000 people.

**Mr. Saumier:** Mr. Chairman, this is indeed a difficult question. When is a town, a town, and when is it a village, and when is it rural or urban? In the case of the Interlake, however, we are enabled to get beyond the difficulty because of the special terms of the FRED Act which imposes fewer constraints than the ARDA legislation, as such. This is one of the advantages of having a Conference on Development Plan because then the difficulties in interpreting what is rural and what is not rural can be ironed out much more easily.

**Mr. Forbes:** Would you suggest then that any application we might make for consideration by your Department should be made through the FRED Act?

**Mr. Saumier:** The FRED Act, while it eliminates certain difficulties, creates others, because it has to be a very comprehensive effort.

**Mr. Forbes:** This is one of the problems that I find with this present Government. They are always creating difficulties.

**The Chairman:** May I ask a supplementary question. Are you aware of the Prairie Farm Rehabilitation Association?

**Mr. Saumier:** Oh yes, we work very closely with PFRA.

**The Chairman:** Are you aware of how the Western Provinces have been able to take advantage of Prairie Farm Rehabilitation to, in some instances, get water just outside of an urban area as a reservoir? I am thinking that from my own knowledge of Prairie Farm Rehabilitation, in many instances it is superior to ARDA and more beneficial to farm people.

**Mr. Saumier:** Well, it has been more beneficial in the past, Mr. Chairman, because ARDA was not in existence then.

I think it is fair to say that at present, by and large, what can be done under the PFRA can also be done under ARDA, but whether



this is more or less beneficial to the provinces from a financial cost-sharing point of view is a different question altogether.

**The Chairman:** PFRA does not have income restrictions like ARDA does.

**Mr. Saumier:** That is right.

**The Chairman:** This is a terrible thing, as far as I am concerned. The income restrictions on ARDA limit many cases where it could be beneficial to many people.

**Mr. Roxburgh:** Mr. Saumier, the information that I have seems to indicate that the Province of Ontario is doing very little towards ARDA projects compared with provinces with much less financial backing. There has been a recent survey made through Ontario which points out that they have many very poor areas. Could you give me information as to the number of areas that come under this? And with that number, why is it that the province is not taking advantage and is being so delinquent compared with other provinces that have taken advantage of ARDA?

**Mr. Saumier:** I think, Mr. Chairman, that it is fair to say that the Province of Ontario has taken considerable advantage of the ARDA Program keeping in mind, however, the distinction which I made earlier between conceiving and financing certain projects and the actual implementation of these projects. In other words, if you compare the number of projects which have been approved for Ontario in relationship to their allotment, or any other allotment, and the number of projects, and the value of these projects, it is quite comparable to what is taking place elsewhere in the country. But then it becomes more difficult to evaluate how many of these projects have actually been carried forward. It is one thing to say we are going to do such and such a thing.

**Mr. Roxburgh:** Yes, that is right.

**Mr. Saumier:** It is a different thing to do it in the field. In Ontario, the number of projects and the amount of money involved which have been approved is quite comparable to the number of projects which have been approved for other provinces. Whether these projects in Ontario have moved forward, once approved, as fast as they might or as fast as in other provinces is something which—

**Mr. Roxburgh:** Well, it does not seem that way from the information we can get. They

seem to be lagging badly and especially with the finances behind them. You do not know how many of those areas are... Have you got that information?

**The Chairman:** You want to know how far they have progressed?

**Mr. Roxburgh:** That is right.

**Mr. Saumier:** I have a figure here, Mr. Chairman, which may be informative. The total allotment to Ontario is \$25.3 million over the five years of the agreement. They have committed about \$17 million out of that \$25 million.

**Mr. Roxburgh:** Over a five-year period.

**Mr. Saumier:** That is right. The commitments in Ontario are very good—as good as they are anywhere else in the country. Whether the follow-up issue on these commitments has been as good as it might have been, I do not know.

**The Chairman:** You have no way of telling the Committee how much Ontario has spent on each project.

**Mr. Saumier:** In the last fiscal year, Ontario has actually spent \$1.4 million. There is, as there is in almost every case; a discrepancy between the allotment and the actual expenditures.

**Mr. Roxburgh:** How would that compare with Quebec?

**Mr. Saumier:** Quebec has spent \$4.4 million actually. Ontario has spent \$1.4 million.

**Mr. Roxburgh:** How does Ontario stand, then, with the rest of the provinces—say Quebec and the Maritimes and Manitoba? I would like a record of that if it is possible.

**Mr. Saumier:** We can make that available.

**Mr. Roxburgh:** Could you? Then, one final question. It comes from Mr. Clermont's question at the beginning and I think you partly answered it, but I do not know whether I really got the idea or not—that an application comes from the province to the federal government. But, you said that in some instances it can be turned down or it has been turned down by the federal government. Surely the province, if it is putting the money into this thing, is not going to throw away \$100,000 on some wild scheme, then pass it on to the federal government only to have it turned down. Politically it is bad business. What is the reason and why would the federal gov-

ernment turn it down after it has been approved by a provincial government?

**Mr. Saumier:** The only reason, Mr. Chairman, why we can turn down a project approved by a province is because this project does not fall within the purview of the Act. In other words, the province can decide if a certain expenditure is legitimate from its own point of view. But, then, whether this expenditure can be shared under the ARDA Act is a different thing altogether.

**Mr. Roxburgh:** In other words, the province should know that before it applies.

**Mr. Saumier:** This is why, as I indicated before, Mr. Chairman, we try to work as closely as possible with the provinces when the projects are being prepared so as to avoid a kind of situation when we are confronted with a request for cost sharing which in our opinion we do not have the authority to approve.

**Mr. Roxburgh:** That is fine, thanks ever so much.

**Mr. Crossman:** As a supplementary question on expenditure, I gather that this is a cost-sharing program of expenditures of fifty-fifty with the provinces.

**Mr. Saumier:** Well, it can go as high as fifty-fifty, Mr. Chairman, but it is not always fifty-fifty.

**Mr. Crossman:** Are there cases where the federal share would be more than fifty per cent?

**Mr. Saumier:** This is the maximum share except under the FRED Agreement.

**Mr. Crossman:** As far as the provincial employees connected with ARDA are concerned, such as directors, co-ordinators, and people working in research, who are considered to be provincial employees, do their salaries come direct from the province or is it on a fifty-fifty basis with the federal government?

**Mr. Saumier:** In the case of the regular ARDA agreements, supposing, to take a concrete example, that the province decides to start to lend for some program which is sharable according to the formula. Then, if the province says that in order to have this program they must hire, say, ten extra people, then, the salaries of these people, who are provincial employees, are sharable under the agreement. In addition to these provincial employees, we have federal employees, whose

salaries are, of course, paid entirely by the federal government. In the case of a comprehensive rural development agreement, the part of the administrative expenses which is sharable under the agreement is determined individually in each agreement. This may vary from case to case, it may go as high as 75 per cent, or it may be less.

**Mr. Roxburgh:** May I ask a quick supplementary on that one, Mr. Chairman, concerning the fifty-fifty per cent. Therefore, in a case like that it runs a little tougher, shall we say, on a province, or a poor province, to get work done, or a project through, on the fifty per cent basis, does it not? For example, let us compare a wealthy province, like the Province of Ontario—coming back to Ontario again—with the Maritimes, or Newfoundland, or some of the other provinces. Those provinces that are not wealthy, in comparison, are actually doing more because they have less money to do it with. It is pretty hard to put it in dollars and cents. As Mr. Crossman suggested in his question there is nothing extra for any of these provinces like that. It is a fifty-fifty basis right across the line.

**Mr. Saumier:** What you say is quite correct. However, in arriving at the allotment, at the amount of money which is available for a province, what you might call the degree of rural poverty of the province is taken into account so that a comparatively poor province will have more money available under the ARDA Agreement than a comparatively rich province, on a per capita basis, so that although the cost sharing may be the same, the amount of money which is actually available will be proportionately greater.

**Mr. Roxburgh:** Thank you.

**Mr. Crossman:** As a matter of expenditure, though, the poor provinces have limitations of matching fifty per cent with the federal government.

**Mr. Saumier:** Yes, this is true.

**Mr. Crossman:** That would be a detriment to its continuation.

• (11.30 a.m.)

**Mr. Saumier:** We hope to be able to take care of that situation precisely within the confines of the Rural Development Agreement where there is no fixed cost shares between the federal and provincial governments so that we can adapt the cost shares not only to the magnitude of the problem but also to the financial strength of the province.



**Mr. Crossman:** In that case it will go beyond that.

**The Chairman:** Mr. Stefanson has a supplementary question.

**Mr. Stefanson:** The federal government has paid 100 per cent, though, for surveys and research projects?

**Mr. Saumier:** In some cases, yes we have.

**Mr. Stefanson:** Yes. I know this was done in the Interlake. But are the projects themselves shared on a 50-50 basis?

**Mr. Saumier:** Yes.

**Mr. Stefanson:** Thank you.

**Mr. Forbes:** Could I ask a further supplementary question? Do you use your PFRA engineers for making this survey or have you special—

**Mr. Saumier:** No, we use the PFRA engineers.

**Mr. Forbes:** Thank you.

(Translation)

**Mr. Godin:** I wish to join with the previous speakers in congratulating the witness, Mr. Saumier. He gives the lie to the map which leads us to believe that this is a vast country. The answers which he has given us are quite perfect for every region in the country, and he leaves us with the impression that the country is fairly concentrated and quite easy to run.

And, with your permission, I shall return to the blueberry issue. We have spoken about dancing, we have spoken about harvesting, but when we speak, for example, about seeding (it is a subject about which I know nothing, probably like most mortals), are we talking about plants, shrubs or grains? Where do these seeds come from? Are they domestic seeds, that is, improved seeds, and how long is it since these improved seeds were introduced? And suppose that this year I were to plant seeds for thousands of trees, how many years will it take for the harvest to be sufficiently profitable for me to be able to join those who have taken in their harvest and to dance and thank the Lord for having sent us such a fine harvest?

**Mr. Saumier:** Mr. Chairman, with your permission, I should like to inform the speaker that, if our projects come to fruition, there will be neither dancing, no public rejoicing, therefore it will be impossible for you to take

part in it. Now, with regard to the technical details of the seeding problems and growing of shrubs, I have to admit that I do not have these details at present. We are going to supply you with a document containing these details and then, if yourself or any other members of the Committee have any questions to ask, we shall be pleased to answer them. I have to admit that as far as the technical side of blueberry farming is concerned, my knowledge is still quite limited. I apologize, Mr. Chairman.

(English)

**The Chairman:** Can you make the publication available to the Committee members?

**Mr. Saumier:** That is right. We will make the publication available to all the members of the Committee and we will be pleased to answer whatever questions remain unanswered.

**The Chairman:** That is fine. Thank you.

**Mr. Noble:** I presume the witness could tell us whether they have looked over the plantations in the United States which have been successful. I examined some of these myself and I know they grow blueberries there which are about four times as large as our wild blueberries and so I would presume that some of the areas that you are propagating and helping to propagate will be areas that are not useful for any other purpose. They have these areas there which are low sandy areas and are very adaptable to the production of blueberries. I might say, too, that this is one of our pet schemes which I suggested long ago when first they brought the ARDA Program in. I am glad to know that you are making the effort you are to expand it and make it a profitable industry.

**Mr. Saumier:** Mr. Chairman, we have in fact looked at the blueberry production in various parts of the U.S.A. and the reason we have become interested in this is precisely because it provides a use for some lands which are not suited to any other kinds of agricultural development. This is the basic reason.

(Translation)

**Mr. Lefebvre:** Thank you, Mr. Chairman. The questions Mr. Clermont put to you and Mr. Saumier have enlightened me and, I hope, the other committee members too. I would like to give you an example and would ask for a reply.

Let us suppose that you are the reeve of a county. At a meeting of your county council, the mayors of the municipalities agree with



you on a given plan for a region or a county, say for the development of a site for camping, blueberry farm or a nursery. What procedure should be followed and to whom should the first application be made? And what are the stages which lead to the successful implementation of a plan? Can you tell us where the county reeve must first make enquiries?

**Mr. Saumier:** Mr. Chairman, in the case of a specific project, as described by the speaker, such as the development of a camping site or a blueberry farm, or something of that nature, the application should be made in the first place to the ARDA administration office for the province in which the county is located. If it is in Quebec, then the application would go to the Quebec provincial ARDA administration office in the city of Quebec. This ARDA administration office will then study the problem in cooperation with us and, eventually...

**Mr. Lefebvre:** Still with you?

**Mr. Saumier:** ... Ideally, yes. If the provincial administration selects the project, an official application will be made on behalf of the provincial government to the federal ARDA administration to approve the project and share in the cost. The requests must be addressed in the first place to the competent provincial administration.

**Mr. Matte:** A supplementary question. What can a Member of Parliament do, either directly or indirectly, with ARDA?

**Mr. Saumier:** The member of Parliament, Mr. Chairman, can inform his electors, that is, the people of his area, of the programme. This is all the more important since, as I have mentioned, enquiries reveal that very few people in our rural areas actually know of the existence of the ARDA programme and its facilities. Therefore the Member of Parliament can enlighten his electors and encourage them to submit projects to the administration and to the competent provincial officials.

**Mr. Lefebvre:** Firstly, the province will study with you the request from a county; whether it is a county in Quebec, Ontario, or any other province, it makes no difference. Are there any engineers or economists in your Department who will study this problem with the provincial officials?

**Mr. Saumier:** Yes, Mr. Chairman.

**Mr. Lefebvre:** And do you send people to the locality?

**Mr. Saumier:** Mr. Chairman, that differs of course from one project to the next. In certain cases we shall be able to send a small group of federal and provincial officials to the locality to study the problem. In other cases the provincial officials will be able to do it alone, and we shall discuss the problem with them later. That varies with the circumstances. But, either in ARDA itself or in the various federal departments with which we operate very closely, we have all the specialists we need to help us discuss with the provincial officials whether the problems connected with the project submitted to them are genuine.

**Mr. Lefebvre:** If the first request to the province is categorically refused, perhaps for valid reasons, is there nothing more to be done?

**Mr. Saumier:** Mr. Chairman, I should perhaps add that the province has a certain annual grant at its disposal. Evidently, it is possible that the requests may be far in excess of this annual grant for ARDA projects, so a province has itself to establish certain priorities and decide to concentrate its efforts this year on one particular region of the province or on one particular kind of problem. In that case, projects not falling within those categories are postponed to other years—

**Mr. Lefebvre:** May I make a suggestion? Could you, sometime in the future, travel through the rural counties especially in order to explain your programme to the people and perhaps hold a meeting of the councils of three or four counties in a region? I feel that it is most important. I have had the pleasure of attending a meeting of the county councils to which the Minister had been invited and at which many questions were asked, because people do not know about the Agricultural and Rural Development Act.

**Mr. Saumier:** Mr. Chairman, this seems an excellent suggestion and I hope that we shall be able to carry it out in addition to the advertising programme which we intend to launch anyway.

**Mr. Lefebvre:** Thank you, Mr. Chairman.

**Mr. Matte:** Are the provinces doing very much to advertise ARDA?

**Mr. Saumier:** Certainly.

(English)

**The Chairman:** Mr. Noble on a supplementary question.

**Mr. Noble:** Mr. Chairman, I would like to ask the witness if by publicizing the ARDA Program or making its knowledge more common across the country, he plans to use these films on television or are they going to be used some other way? Are you going to use them through service clubs? How do you plan on using these films?

• (11.40 a.m.)

**Mr. Saumier:** Mr. Chairman, we are now in the process of elaborating our plans for the publicity campaign, so this planning process is not yet far enough advanced for me to be able to indicate, with any degree of certainty, exactly what publicity means will be used for this. I do not know yet whether it will be mostly through films on television, through films for service clubs or possibly through mobile trailers that will go from area to area with information specialists that can show movies and invite the people to come in and ask questions. This has not yet been finalized sufficiently to answer your questions with any degree of certainty.

**Mr. Schreyer:** Dr. Saumier, about 18 months ago a Farm Enlargement and Consolidation Conference was held with regard to the eastern provinces. Do you know if, to date, there is planning under way for a similar conference regarding the western provinces.

**Mr. Saumier:** There is, Mr. Chairman.

**Mr. Schreyer:** Do you have an approximate idea as to when this might take place?

**Mr. Saumier:** Did you say where or when?

**Mr. Schreyer:** I said when.

**Mr. Saumier:** When? We are hoping to have it, if everything moves according to schedule, either later this year or early in 1968.

**Mr. Schreyer:** To follow up the line of questioning that was going on a few minutes ago with respect to the initiation of ARDA projects, I understand that all ARDA projects must initiate with the provinces. This includes projects that might take place on Indian reserve lands. I cannot understand what the basis is for insisting that the provinces take the initiative with respect to projects that could or should take place on Indian lands inasmuch as (a) Indian lands are under the exclusive jurisdiction of the federal government and (b) my understanding is that most of the Indian people prefer to have it

that way, at least in western Canada. What is the reason for this rigidity?

**Mr. Saumier:** This is one rigidity which has to be admitted. However, the flexibility, that we have comes from the fact that for projects that affect Indian lands the federal share is 100 per cent.

**Mr. Schreyer:** Yes, I understand,

**Mr. Saumier:** So that why do these projects go through the provincial offices? The province should have very little reluctance in moving forward because it implies no financial commitment from the province whatsoever. Therefore, whatever allocation they have made within their own budgets for other programs is not at all altered by the projects going to Indian lands.

**Mr. Schreyer:** But, more specifically, I would like to know if there is some good technical or administrative reason why we are expecting the provinces to take the initiative with respect to projects in Indian lands?

**Mr. Saumier:** In a case like this, Mr. Chairman, we would not necessarily expect the province to take the initiative. We would expect the local people to take the initiative and then forward their projects through the province to our regional directors who are right there on the spot, as it were, and can handle these projects quite readily.

**Mr. Schreyer:** So that the local residents of the reserves, with the help of the Indian agency, would have to channel their plan or their request through the provincial ARDA co-ordinator?

**Mr. Saumier:** That is right. This is an administrative mechanism which has some advantages and some disadvantages like any other mechanism.

**Mr. Stefanson:** This kind of program could affect the Indians and the adjoining lands.

**Mr. Schreyer:** All right. I can see it in that case. But with respect to land clearings exclusively on Indian lands, can you tell me if there are any ARDA projects currently, or almost, in the works to begin on Indian lands?

**Mr. Saumier:** Yes, we have some projects already going and some projects in various stages of preparation for that. There is, of course, difficulty with projects affecting the Indian lands, owing to the fact that the Indians do not hold title to the land. Therefore,



it is difficult for them to find the financial means or to secure the money from lending institutions to develop that land further but we are working very closely with various federal departments to find a way around that difficulty.

**Mr. Schreyer:** I understand, for example, that at the present time in the province of Saskatchewan there are two ARDA projects for the clearing of Indian land which amount to approximately \$20 per acre for clearing. Are there any similar projects being carried on?

**Mr. Saumier:** There are some more being prepared, for example, in Manitoba.

**Mr. Schreyer:** Could you tell us in what reserves or part of the province these projects are located?

**Mr. Saumier:** The projects are Interlake, among others, and also in Manitoba there are some areas north of Interlake. I do not have the names of the Indian reserves in mind at the moment but I could provide you with them if you wish.

**Mr. Schreyer:** Yes, if you would. In relation to the ratio of expenditure on the ARDA general program and the specific area programs can you give us the approximate ratio of expenditure in the current fiscal year?

**Mr. Saumier:** Expenditures as a ratio of what?

**Mr. Schreyer:** The ARDA general program to the specific area programs?

**Mr. Saumier:** I am not sure, Mr. Chairman, if I follow that question too well.

**Mr. Schreyer:** You have the ARDA program which applies generally across the country and then you have the designated area program under FRED-ARDA. I would like to get some idea of the approximate expenditure ratios.

**Mr. Saumier:** We can only give you an anticipated expenditure ratio because, as a matter of fact, no project has as yet actually been approved under FRED as such. This will happen tomorrow or Thursday in Manitoba.

**Mr. Schreyer:** It is anticipated.

**Mr. Saumier:** Mr. Chairman, if the member will look at page 193 of the Estimates under Vote No. 35 he will see the ARDA programs as such in the amount of \$18 million for 1967

and 1968. Under the item Statutory—Fund for Rural Economic Development—Project Payments we anticipate \$11 million this year. I suppose this is the ratio that you were looking for. This year we anticipate spending about \$11 million out of the Fund for Rural Economic Development for programs under these comprehensive plans, whereas we anticipate in that co-operation with the provinces we will spend roughly \$18 million of ARDA's funds for ARDA projects. I should add that under FRED this amount will eventually increase much more quickly than it will under ARDA.

**Mr. Schreyer:** It is anticipated that expenditures under FRED will rise toward a peak in about four or five years?

**Mr. Saumier:** It is difficult to say, Mr. Chairman, because it will depend on the timing of the signing of the agreement with Quebec and with Nova Scotia, and so on. This will have a variable impact on FRED.

**Mr. Schreyer:** But as I understand it, under the FRED agreement the general trend will be towards a steady increase in expenditures until about the fourth or fifth year of operation, when there will be somewhat of a downturn.

**Mr. Saumier:** This is possibly true for Interlake. Whether it will be true for the other plans will depend upon the nature of the plans and the kind of financial commitments which the provincial and federal governments are willing to make at that time. I should like to stress the fact that each comprehensive development plan is a tailor-made plan; we do not arrive in an area with a strict criteria or a strict precedence, every plan is tailor-made both as to the needs of the area and the financial strength of the province. For this reason it is very difficult to say beforehand what will be contained in any given plan or what the pattern of expenditures will be for that plan.

**Mr. Schreyer:** Then, Mr. Chairman, I have a further question which may be difficult to answer but I regard it as important. It concerns the ratio of expenditures under ARDA for administrative purposes and actual works. As Mr. Saumier may be aware, there seems to be some evidence of a growing dissatisfaction or disenchantment with ARDA for the reason—real or imagined—that it has proliferated as to studies and administrative expenditures but it has not given the appearance of translating this into actual works. Apart from



that criticism, if it is possible to get these figures, I would like to know the ratio of administrative expenditures to expenditures on actual works. Is it possible to get these figures?

**Mr. Saumier:** Yes, it is quite possible to obtain these figures. I should like to stress the fact, Mr. Chairman, that the amount of money which has actually been spent on research under ARDA, if we forget about the Canada Land Inventory, is really quite small. Most of the money has gone for actual projects in the field. Sometimes research projects are quite visible because they are used as an excuse for doing nothing but we try to use our research projects, not as an excuse for doing nothing but as a means of knowing exactly what should be done so that in the first stage, if you like, the research projects are more visible. However, by and large, these research projects are always aimed at the specific problem in order to guide us in deciding what we should do with that problem. As I said earlier, the ratio of research projects to actual projects is in fact quite small. It is \$7 million out of \$57 million, which is actually quite a small ratio.

**Mr. Schreyer:** \$7 million out of \$57 million is used for administrative purposes and research?

**Mr. Saumier:** That is right.

**Mr. Schreyer:** That sounds encouraging, Mr. Chairman. I will have to make a more specific study of that.

In respect to some of the auxiliary programs being carried out under ARDA, I notice that ARDA has become involved in a project relating to river bank erosion and also in a study of the feasibility of setting up an industry to utilize peat moss, et cetera. These two examples impress me as the kind of thing that can get ARDA into all sorts of difficulties. For example, river bank erosion is a very difficult problem with which to deal. In Manitoba, 18 or 20 miles, or even more, of the banks of the Red River have presented an erosion problem over the years. If ARDA is seen to be entering into this problem of river bank erosion, in one part of the country it seems to me that it will find itself in the position of receiving applications from the province of Manitoba, the city of Winnipeg, or rural municipalities down stream in Manitoba for assistance in combating this condition. I will put the question bluntly: what does river bank erosion have to do with

the main intent of the concept of the ARDA legislation?

**Mr. Saumier:** Mr. Chairman, those provinces which put forward projects dealing with river bank erosions all claim very strongly that control of this phenomenon is essential to the development of their agriculture and the well-being of their rural areas.

**Mr. Lefebvre:** That is quite correct.

**Mr. Saumier:** I should add, Mr. Chairman, as a further consideration that the ARDA agreement does not permit a province to spend more than 50 per cent of its allotment on soil and water conservation projects of that kind, and therefore in the agreement there is a stopping device which prevents such projects from becoming the main area of concern of a province.

**Mr. Schreyer:** I certainly agree that research studies into drainage works is very much a part of ARDA but the matter of river bank erosion seems to be quite apart from that problem.

Referring to the example I gave of ARDA becoming involved in a feasibility study of the industrial use potential of peat moss, is this not something that should be done by a provincial Department of Industry? It seems to me that in the province from which I come over the years there have been a good many studies into the industrial use potential of peat moss. This was done by the Department of Industry and some tangible good came of it, a small industry was established. However, I notice under ARDA there has been some expenditure for investigating the possibility of setting up a small industry for peat moss processing. Would something like this not be better left to a Department of Industry?

**Mr. Saumier:** Mr. Chairman, I do not know to which project the member is referring.

**Mr. Schreyer:** I believe it is listed under ARDA circular RD 2. I think it took place in the province of Nova Scotia.

**Mr. Saumier:** If I may comment on this in general terms, it is quite possible that the agency that will actually do the research will be a provincial Department of Industry. In other words, a province may say, "We have a peat moss potential in this area of rural property. We would like to look at the characteristics of this particular patch of peat moss to see what its market value may be and we want our Department of Industry to do that

study". If it is hopefully going to help the people in this rural area of poverty to increase their incomes, then irrespective of who carries out the study this is the kind of project which legitimately can be cost shared under the ARDA program.

**Mr. Schreyer:** Finally, Mr. Chairman, I note that in Alberta agreement has been reached between the federal ARDA office and the province for the institution of a five-year \$3 million land assembly program. I would like to know if something similar and on the same scale is underway in Saskatchewan and Manitoba?

**Mr. Saumier:** In Manitoba there will be a large-scale program under the FRED agreement for Interlake so, in Manitoba there is going to be a similar program. There is a similar program in Ontario. I am not aware if Saskatchewan is contemplating this kind of a program or not. They have a small pilot program in Saskatchewan.

If I may make a further point, Mr. Chairman, a province has a certain amount of money to spend and it is up to the province to determine what priority it is going to follow in spending that money. Once the province has made that determination—and we hopefully work with them towards that goal—then various projects may or may not be maintained within this priority.

**Mr. Schreyer:** I cannot seem to find in the estimates how much is being allocated to land assembly for this fiscal year, that is, acquisition, alternate use, lease, rental, and so on. Can you tell me how much is being allocated to land assembly for this fiscal year?

**Mr. Saumier:** Mr. Chairman, we have found it very difficult to itemize it in the estimates by broad programs because these programs vary considerably from one province to another and because of the way the requirements for funds come from the provinces they are simply not broken down in this particular fashion. This is regrettable but it has not been possible to do that. However, the details on each project as they come through which relate to the amount of money for this kind of program and that kind of program are available. It is possible to have this information if you want to know the plus factor but from the provincial point of view it is impossible to provide that information.

**Mr. Schreyer:** How much in federal funds was spent last year for purposes of land assembly acquisition, et cetera?

**Mr. Saumier:** Does the member mean actually spent or committed?

**The Chairman:** In the fiscal year.

**Mr. Saumier:** The two can be quite different.

**Mr. Schreyer:** Either one, whichever is the more convenient.

**Mr. Saumier:** Over the last two years roughly \$10 million has been committed across the country for land assembly.

**Mr. Schreyer:** Yes. If \$10 million has been committed over the past two years, is it possible to say how much of that amount has actually been disbursed?

**Mr. Saumier:** We do not have this information. We know the commitment because it is organized under the various parts of the Act and land assembly comes under one part of it. As far as the actual expenditures are concerned, we do not have that information but it can be made available very shortly.

• (12.00 noon)

**Mr. Schreyer:** Mr. Chairman, I would like to conclude my questioning with an assertion which may or may not evoke a response from the witness.

It seems to me, judging from the response which I have been able to get from the people to whom I have spoken, who live in rural areas, that the ultimate value of ARDA will be judged on what it has been able to do in the way of these specific and concrete works; the acquisition of land, putting land to alternate use, the construction and programming of drainage works, and so on. While the signs are hopeful, until now there has not been too much in the way of concrete, tangible works which have been undertaken, let alone completed. Do you think that is a fair assessment?

**Mr. Saumier:** Mr. Chairman, my answer to that question would reveal a very biased and prejudiced point of view, I am afraid, so my opinion may not be entirely acceptable. However, I would like to make this point. When the ARDA agreements were signed there were, by and large, two possibilities open to the provinces. They could either say that they were going to add ARDA funds to their continuing programs, and then they would be able to move very quickly and spend a lot of money by adding ARDA funds to their regular programs, or they could say here is a new possibility for them to consider their programs and decide which program they are



going to select for funding under ARDA. The momentum, if you will, in this second possibility, gathers more slowly because the provinces are using these funds to strike in new directions. I dare say what happened is that the provinces, rightly or wrongly—this is something for them to decide—selected the second path. Initially they had to do a lot of work internally, to decide in what new areas the ARDA funds could more effectively be applied.

Once this preliminary sorting out process has taken place the momentum increases very quickly. Instead of proceeding on a haphazard and hit-or-miss basis, the provinces proceed with programs that are well conceived and rounded out, programs which are designed to achieve specific aims and embody the kind of control, which will ensure that these aims are in fact reached. Therefore part of your concern in which we share quite considerably, I think is answered by the attitude on the part of the provinces, which is that instead of just spending more money on their continuing programs they have tried to define new areas and to use ARDA funds for that purpose.

**Mr. Herridge:** Mr. Chairman, could I hopefully conclude this inquisition of Mr. Saumier by asking one question? Which of your officials should a member of Parliament or an organization in British Columbia, for instance, communicate with in order to get information on projects that are being proposed or undertaken in British Columbia?

**Mr. Saumier:** The person to communicate with, Mr. Chairman, is our Chief of Information, Mr. Couture.

**Mr. Herridge:** Thank you.

**Mr. Forbes:** Mr. Chairman, may I ask one question? Can I assume from your reply to Mr. Schreyer a few minutes ago about projects with respect to Indian reserves, and so on, that you are entering into agreements for development of certain projects outside the Interlake area in Manitoba?

**Mr. Saumier:** Oh, yes.

**Mr. Forbes:** Thank you very much.

**Mr. Saumier:** The regular ARDA programs, Mr. Chairman, which are carried on in the province outside the special planning area are carried on irrespective of that.

**The Chairman:** Mr. Noble has a question.

**Mr. Noble:** Mr. Chairman, I would like to ask the witness a question. Farmers receive

help in building farm ponds for the purpose of water conservation. If a farmer decided that he would prefer a well to a farm pond, will ARDA assist him in drilling this well?

**Mr. Saumier:** It could be done.

**Mr. Noble:** To what extent?

**Mr. Saumier:** I do not know what you mean by "To what extent".

**Mr. Noble:** How much money would they contribute toward the drilling of a well? Would they pay 50 per cent? What would be the amount of their assistance?

**Mr. Saumier:** Many provinces have programs for that very purpose. In some provinces the program states that the local authority or co-operative, whatever it may be—the local body doing the work—has to contribute, say, 15 or 30 per cent toward the cost of drilling the well. There is also the provincial share. ARDA shares with the province in the provincial share, so if the province said that according to its regulations the local share was 30 per cent, then the federal ARDA share would be half of the remaining 70 per cent. A province, of course, can use ARDA funds to reduce the local share or it can use them to increase the amount of money it has at its disposal to engage in more projects of that kind than it could do otherwise. As I said, this varies from province to province.

**Mr. Noble:** I understand it is 50 per cent in the province of Ontario, is this correct?

**Mr. Saumier:** Fifty per cent local share of—

**Mr. Noble:** Share of the cost of the drilling of a well.

**The Chairman:** There is a limit of \$500.

**Mr. Saumier:** Is this the local share?

**Mr. Noble:** The benefit which the farmer would receive would be 50 per cent of the cost of the well, is this correct?

**Mr. Saumier:** I think so, yes.

**The Chairman:** If I understand it, I think there is a limitation, Mr. Noble, of \$500.

**Mr. Noble:** It would have to be an oil well to be over that amount.

**The Chairman:** It all depends on how large an irrigation well you are going to instal. At times \$500 does not go very far. Mr. Berger?

(Translation)

**Mr. Berger:** Very well; yes. Having always been interested in advertising, I notice on



page 1952, items (10)—“Advertising and Films”—an increase in the estimates this year of some \$290,000. Could you please tell me what films are concerned? Can they, for instance, be obtained at the provincial level? Where are these films shown and what type of advertising is used?

**Mr. Saumier:** These films, Mr. Chairman, are mostly made by the National Film Board for ARDA. Copies of the films may therefore be obtained by writing to the office of the National Film Board which makes them available to the public.

**Mr. Berger:** Then all the members may take advantage of this offer, for example, to organize a public meeting and show people the films.

**Mr. Saumier:** If you notice, that item last year was \$61,000; now it amounts to \$350,000. That means that at the present time there are very few films on ARDA available. The NFB is, at the moment, in the course of preparing more for us. Perhaps if you contact the director of the National Film Board today, you will be able to obtain only one film, but in a few months there will be more.

**Mr. Berger:** Mr. Saumier, with your ironic little smile, can you tell me if the advertising is mainly directed towards the provincial governments to urge them to benefit more from ARDA by co-operating with the federal government, or if it does also have a tendency to drive away somewhat the obvious frustration of the people of regions like mine, for instance, who, because of provincial decisions, cannot benefit from ARDA?

**Mr. Saumier:** The purpose of the advertising, Mr. Chairman, is to show people all the advantages they could receive from ARDA if their project was accepted.

**Mr. Berger:** To encourage them to exert the required pressure where necessary?

**Mr. Saumier:** Precisely.

(English)

**The Chairman:** Mr. Matte has a question.

(Translation)

**Mr. Matte:** If I have understood right, small rural municipalities wishing to construct an aqueduct or a sewage system could be helped. Can ARDA help them?

**Mr. Saumier:** On condition, Mr. Chairman, that the aqueduct serves rural purposes rather

than urban purposes as such. Therefore, if it is to be a strictly municipal aqueduct for the people living in the small municipality, it does not qualify for the shared cost. If it is a matter of providing water for farmers, in that case, it may qualify.

**Mr. Matte:** What if it is combined and serves both purposes?

**Mr. Saumier:** If it is combined, then the proportion for each purpose is determined and a decision is made at that time.

**Mr. Matte:** Would it be possible to receive a list of the work ARDA expects to carry out? Say ARDA is expecting work for this year...

**Mr. Saumier:** Do you mean the definite projects which are anticipated?

**Mr. Matte:** Yes; the definite projects. We always receive the list a year or two after they have been completed.

**Mr. Saumier:** You mean that you are sent the list of projects which the provinces themselves submit to us?

**Mr. Matte:** Yes.

**Mr. Saumier:** Well, that brings up, I imagine, certain problems on the provincial side. Those are provincial documents which come to us, so it does not rest with us to make these requests public immediately. But once the project is approved, it is immediately made public in the form of a press release and, eventually, is included in the ARDA document. Mr. Chairman, if I may say so, the new ARDA catalogue will be ready in a few weeks' time. It covers the year just ended.

(English)

**The Chairman:** Does the catalogue list all the projects?

**Mr. Saumier:** Yes.

**The Chairman:** I think it would be a good idea if the Committee—

(Translation)

**Mr. Matte:** Does land-levelling in Quebec Province have any connection with ARDA?

**Mr. Saumier:** Yes, it may be financed by ARDA.

**Mr. Matte:** Thank you.

(English)

**The Chairman:** I suggest before we go any further that the list of projects, whether it is in catalogue or some other form, be made an

exhibit or inserted as an appendix. Shall it be appended?

• (12.10 p.m.)

I have been given to understand that it is going to be too big, there is a problem about the printing. I am a bit confused about this matter of printing. We were told by the coordinator of Committees that a lot of the proceedings were going to waste. My office was told by the printers when I was away that I could only receive so many copies of the proceedings. I do not know the reason for this. Is it that each member is allotted a certain number of copies and they are not using them? I was utterly amazed when I was told I could not have the usual 24 copies that I mail out to the different farm organizations and farm leaders who ask for them. I do not know if any other members have run into this problem or not.

**Mr. Lefebvre:** I think it especially applies to this morning's meeting, Mr. Chairman. This has been one of the most interesting meetings we have ever had and I was going to ask you for an extra 50 copies right now. I would like to object very strenuously about this because I am sure the other members who are present would also like to get some extra copies.

**The Chairman:** I follow a policy of mailing these proceedings out to certain farm leaders who request them every time a new issue is printed. Limitations have now been placed on us. I do not know if they are still going to waste. Perhaps the Clerk could find out. Mr. Kirby, the Clerk of the Committee, suggests that as Chairman I write a letter to the Distribution Office and if something further is needed for clarification that we put a motion to the Committee at the next meeting that sufficient copies be made available. How many members are having difficulty in getting extra copies?

**An hon. Member:** Well, I have never asked for any. I did not know this could be done.

**The Chairman:** You did not know you could get them. I received requests and last session I regularly mailed copies from my office to people who were not even in my own constituency, people who resided in different parts of Ontario and in Canada generally.

**Mr. Lefebvre:** I think most of the members agree that this has been one of the best and most informative meetings we have had, especially on the matter of ARDA, and I would

ask you to use your good offices to see that the printing is done as soon as possible—particularly the French translation—so that we do not have to wait until September in order to send copies to our constituents. Also, that you request we receive the English and French texts at approximately the same time.

**The Chairman:** I will do what I can.

**Mr. Noble:** May I ask the witness one question. In publicizing this ARDA program as you suggested, will the films which are made be 35 or 16 millimeter? The reason I ask is because if 16 millimeter film is used the ordinary person like myself who has a 16 millimeter projector can go around and show the film at service clubs and publicize the matter in that way. If 35 millimeter film is used we are out of luck.

**Mr. Saumier:** Mr. Chairman, the films that will be made for us by the National Film Board will, of course, be made available in both 16 and 35 millimeter, I suppose, but it will be principally 16 millimeter. This documentation will therefore be available to you in 16 millimeter film.

**Mr. Noble:** I am glad to hear that. Thank you.

**Mr. Schreyer:** Mr. Chairman, I think the record should be clarified on one point. It seems to me that in response to Mr. Noble's questioning about eligibility for grants for well drilling purposes that the reply was that individual farmers could qualify for a grant to cover the drilling of wells. That is not my understanding of the matter. I do not wish to challenge—

**Mr. Saumier:** The procedures vary from province to province. It depends on the mechanism which the provinces use.

**Mr. Stefanson:** It is for irrigation purposes, though, is it not?

**The Chairman:** It is for farm needs.

**Mr. Stefanson:** Or is it for whatever purpose you want to use it for?

**Mr. Crossman:** Mr. Chairman, on a point of clarification, does the province have to submit its program in order to receive the federal allotment for the year, or is the federal share given to the province on a project basis?

**Mr. Saumier:** It is given on a project basis, request by request.

**The Chairman:** As the project progresses?

**Mr. Saumier:** For example, when a project for drainage in a specific area is approved, then upon the receipt of accounts payment is made for the federal cost-share.

**Mr. Crossman:** What happens when a province does not utilize their full allotment, or has this ever happened?

**Mr. Saumier:** Then the allotment may be used later on as they see fit.

**Mr. Crossman:** I see. It is carried on?

**Mr. Saumier:** It is not lost.

**Mr. Crossman:** All right.

**The Chairman:** I think we have had a very good meeting. It has been a very long and very interesting one. I am sure the members have found it helpful. I do not think it is

necessary to recall Mr. Saumier and his associates. I would entertain a motion that items 25, 30 and 35 of the estimates of the Department of Forestry and Rural Development be passed. Moved by Mr. Berger and seconded by Mr. Schreyer?

**Mr. Clermont:** Can you do that?

**The Chairman:** Why not? Is everyone in favour?

**Mr. Forbes:** I think you should change the phraseology from "passed" to "approved".

**The Chairman:** It should then carry. Is it carried?

Items agreed to.

**The Chairman:** I want to thank you, Mr. Saumier, and your staff for the wonderful help you have been to the Committee.



## APPENDIX C

## FEDERAL COMMITMENTS AND DISBURSEMENTS ON SELECTED CATEGORIES OF ARDA

1. *Blueberry Projects (First and Second Agreements) to July 1967*

Research in establishing blueberry stands, packing the crop and marketing is indicated in thirteen projects set out below.

Province	Number of Projects	Shareable Cost	Federal Commitment
Newfoundland	3	65,000	37,000
Nova Scotia	3	12,000	26,000
Quebec	2	57,000	29,000
Ontario	3	41,000	22,000
Manitoba	2	64,000	32,000
Total	13	239,000	146,000

Projects involving the development of blueberry land (which may also include the acquisition of land) are concentrated in three provinces.

Province	Number of Projects	Shareable Cost	Federal Commitment
P.E.I.	4	128,000	64,000
Nova Scotia	2	22,000	11,000
Quebec	21	1,441,000	717,000
Total	27	1,591,000	729,000

Indications are that substantial sums will be committed, in Quebec and to a lesser extent in the Maritime provinces, to projects for the production of blueberries.

2. *Land Assembly Projects Related to Agriculture*  
(*Second Agreement to March 31, 1967*)

Total Federal disbursements for ARDA projects, primarily concerned with the acquisition and development of land for agricultural use, total \$4,564,000. Agricultural use in this instance embraces community pastures, forage crop production, farm enlargement, tile drainage assistance, farm ponds and water supply. Funds have been disbursed on 81 such projects to date in the second agreement.

3. *Land Assembly and Improvement Projects Related to Forestry*  
(*Second Agreement to March 31, 1967*)

Federal disbursements of \$940,000 have been made on 54 projects relating to forestry. Woodlot management on Crown and private lands, acquiring land suitable for forests, the maple syrup industry and related projects are under this heading. The acquisition of land for camp sites, recreation facilities and parks is not included in these statistics.

## APPENDIX D

## CUMULATIVE EXPENDITURES ON ARDA

PROJECTS TO MARCH 31, 1967

	Old Agreement		New Agreement		Total		Total Expenditures
	Shared-Cost	Federal-Research	Shared-Cost	Federal-Research	Shared-Cost	Federal-Research	
Newfoundland	569,016	284,531	480,268	175,733	1,049,284	460,164	1,509,448
Prince Edward Island	222,639	66,512	348,105	230,038	570,744	296,550	867,294
Nova Scotia	440,222	178,141	1,241,407	402,066	1,681,629	580,207	2,261,836
New Brunswick	467,277	181,921	670,640	300,340	1,137,917	482,261	1,620,178
Quebec	9,440,445	198,513	4,394,293	507,050	13,834,738	705,563	14,540,301
Ontario	598,826	55,483	1,420,013	300,220	2,018,839	355,703	2,374,542
Manitoba	2,576,123	338,535	695,739	373,207	3,271,862	711,742	3,983,604
Saskatchewan	5,836,153	325,055	2,079,891	357,933	7,916,044	682,988	8,599,032
Alberta	1,449,389	95,540	720,983	405,563	2,170,372	501,103	2,671,475
British Columbia	1,403,350	111,208	540,907	717,274	1,944,257	828,482	2,772,739
Federal Projects	—	889,136	—	2,483,478	—	3,372,614	3,372,614
Total	\$23,003,440	\$ 2,724,475	\$12,592,246	\$ 6,252,902	\$35,595,686	\$ 8,977,377	\$44,573,063

Ottawa,  
June 1, 1967.

HOUSE OF COMMONS

Second Session—Twenty-seventh Parliament

1967

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STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

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THURSDAY, JUNE 29, 1967

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RESPECTING

Estimates (1967-68) of the Department of Forestry  
and Rural Development

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WITNESSES:

*From the Canadian Livestock Feed Board:* Dr. R. Perreault, Chairman,  
Mr. C. Huffman, Vice-Chairman; Mr. J. McDonough, Executive  
Director.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967



STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* Mr. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Alkenbrack,	Mr. Gauthier,	Mr. Nowlan,
Mr. Asselin ( <i>Richmond-</i>	Mr. Gendron,	Mr. Peters,
<i>Wolfe</i> ),	Mr. Godin,	Mr. Pugh,
Mr. Beer,	Mr. Grills,	Mr. Rapp,
Mr. Berger,	Mr. Herridge,	Mr. Ricard,
Mr. Chatterton,	Mr. Honey,	Mr. Roxburgh,
Mr. Choquette,	Mr. Hopkins,	Mr. Schreyer,
Mr. Clermont,	Mr. Horner ( <i>Acadia</i> ),	Mr. Stafford,
Mr. Comtois,	Mr. Johnston,	Mr. Stefanson,
Mr. Côté ( <i>Nicolet-</i>	Mr. Jorgenson,	Mr. Thompson,
<i>Yamaska</i> ),	Mr. Lefebvre,	Mr. Tucker,
Mr. Crossman,	Mr. MacDonald ( <i>Prince</i> ),	Mr. Watson ( <i>Château-</i>
Mr. Éthier,	Mr. Madill,	<i>guay-Huntingdon-</i>
Mr. Fairweather,	Mr. Matte,	<i>Laprairie</i> ),
Mr. Flemming,	Mr. Neveu,	Mr. Yanakis—45.
Mr. Forbes,	Mr. Noble,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

THURSDAY, June 29, 1967.

(6)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.50 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Choquette, Clermont, Côté (*Nicolet-Yamaska*), Crossman, Flemming, Forbes, Gauthier, Herridge, Jorgenson, Laverdière, Lefebvre, MacDonald (*Prince*), Matte, Noble, Roxburgh, Stefanson, Tucker, Whelan, Yanakis (19).

*In attendance:* From the Canadian Livestock Feed Board: Dr. R. Perreault, Chairman; Mr. C. Huffman, Vice Chairman; Mr. J. McDonough, Executive Director.

The Chairman called items 40 and 45 of the Main Estimates, 1967-68, relating to the Department of Forestry and Rural Development and introduced the witnesses from the Canadian Livestock Feed Board. Dr. Perreault made a statement and the members proceeded to question him.

Later, on motion of Mr. Clermont, seconded by Mr. Noble,

*Resolved*,—That items 40 and 45 of the Main Estimates, 1967-68 relating to the Department of Forestry and Rural Development carry.

The Chairman then made a short statement thanking the witnesses for their attendance and wishing them success in their future endeavours.

The Chairman recalled items 1 and 3 which had been stood by the Committee on Friday, June 16, 1967 and after discussion,

On motion of Mr. Flemming, seconded by Mr. Herridge, it was

*Resolved*,—That items 1 and 3 of the Main Estimates, 1967-68 relating to the Department of Forestry and Rural Development carry.

At 10.55 o'clock a.m. the Chairman adjourned the Committee to the call of the Chair.

Michael B. Kirby,  
*Clerk of the Committee.*





## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, June 29, 1967.

**The Chairman:** Gentlemen, we can proceed now as I see a quorum.

We have with us today from the Canadian Livestock Feed Board Dr. R. Perreault, Chairman; Mr. C. Huffman, Vice-Chairman; and Mr. J. McDonough, Executive Director.

I think that, first, we should probably ask Dr. Perreault to make a statement. I will take the names of those who wish to question. Dr. Perreault, as this is a new board, we want you to feel free to make as long a statement as you wish.

(Translation)

**Mr. Clermont:** Mr. Chairman, has Dr. Perreault additional copies of these notes or remarks?

**Dr. Perreault:** No, I have not.

**Mr. Clermont:** Thank you.

(English)

**The Chairman:** I do not think Dr. Perreault has a prepared statement, but he is well known for his straight-forward, off-the-cuff discourses.

**Mr. Clermont:** Like the Chairman.

**The Chairman:** Much better.

**Dr. R. Perreault (Chairman, Canadian Livestock Feed Board):** Mr. Chairman, we appreciate this opportunity to be here this morning. As you mentioned, we have with us Mr. Charles Huffman, Vice-Chairman of the Canadian Livestock Feed Board, and Mr. McDonough, the Executive Director.

Mr. Dernier, who is the third member of the Canadian Livestock Feed Board wanted to be here this morning but he was prevented from coming because there is a Board of Directors meeting in the Maritimes.

As your Chairman mentioned, this Board is new. As you know, the members were appointed in early April. Since then the Board has held two meetings. I reported for duty around mid May. The Canadian Livestock Feed Board, as you are very well aware, is

located in Montreal. As the office was opened at the beginning of June, we have been in operation less than one month.

The biggest problems of course are those associated with organization and making contacts. Because the Board members have had few opportunities to orient policy, we are not in a position this morning to go very deeply into it, although we may just skim the surface. As you will realize, being less than one month in operation, with the many problems we have had with organization, we put top priority on acquiring a good team.

(Translation)

I was saying in English that we are very happy today to meet members of the committee. As you realize, the Board is just starting to operate; it has held only a few meetings. Its members were appointed at the beginning of April. The office was opened in Montreal in early June, which means that we have been in operation barely three or four weeks at the most. I will be happy to answer your questions this morning, although we may not be able to orient major policy in depth because the main problem at the moment is one of organization, making contacts and getting thing generally settled. In any case, we will be happy to answer your questions to the best of our ability.

(English)

**The Chairman:** Mr. Jorgenson has intimated he wants to ask some questions. Mr. Clermont will follow Mr. Jorgenson.

**Mr. Jorgenson:** Dr Perreault, I realize that you have been Chairman of the Canadian livestock Feed Board for a very short time but I wonder if you could outline briefly what you believe to be the objectives of your Board.

**Dr. Perreault:** The objectives are already spelled out in the Act. One is to supply farmers with the necessary feeds, so we must ensure that the grains are stored at the proper locations. Another is to maintain a reasonable price stability. I realize it is very difficult to have stable prices all the time when we are living in a dynamic economy but the Act says

that prices should be as reasonable as possible. Of course, equalization of prices of grains within Eastern Canada and within British Columbia is also an objective.

These are the main objectives of the Act but as the years go by, with the experience we gain, we will be better able to define the objectives in relation to the issues we face.

**Mr. Jorgenson:** There are two of these objectives that interest me. One is price stability and equality of prices in the areas where you have jurisdiction. How do you propose to achieve both of these objectives? Have you any idea of just how this can be done?

**Dr. Perreault:** For the time being, no, but through acquiring more operating experience and coming face to face with the various issues as they arise we would hope to be in a position to achieve both of these objectives. We are undertaking our duties with no preconceived ideas of any kind.

Whenever major decisions are made, we hope that they will be made on well-documented facts. As I said, we do not have any preconceived ideas of any kind and it is our wish to document any major decisions that are taken. Of course, we will have to cope with many urgent matters.

**Mr. Jorgenson:** You, by implication, have said that there is a fluctuation of prices of feeds in Eastern Canada. Do you know what causes these fluctuations and have you any idea of the reasons for them?

**Dr. Perreault:** It could be short markets, external factors, foreign factors—there are many, many factors. It could also be the fact that during the winter certain areas are paralyzed and people have to store for their winter needs. This is a matter of supply and demand and prices might fluctuate because of some practices of the trade. May I reiterate that do we do not have any preconceived ideas, we want to study every case on its own merits.

**Mr. Jorgenson:** Is it not a fact that the payment of storage in Eastern terminal elevators by the government should have relieved the problem of shortage of supplies, if it has not already done so?

**Dr. Perreault:** I was not a member of the Board when a decision was taken on this. I know the situation was studied before that decision was taken and perhaps Mr. McDonough would comment on this.

**Mr. J. McDonough (Executive Director, Canadian Livestock Feed Board):** I think I could say that an analysis of the price of grains in the Eastern port positions during the winter months, both before the storage policy was put into effect and during the time it was in effect, showed that there was not a noticeable difference in the price of grains. Our conclusion, after making this analysis, was that the storage policy did not achieve the objectives anticipated.

**Mr. Jorgenson:** Could you perhaps give us some reasons it did not achieve these objectives? When this matter was examined by this Committee several years ago, some of the practices of the trade became fairly obvious to us. I recall that one of the reprehensible practices of the trade was to move grain down to Eastern terminal elevator positions during the shipping season by water, using the cheaper water rates, and place it in storage. But immediately the navigation closed the price automatically rose. Whether or not the price had anything to do with the movement of grain down by rail, they just simply added the rail rates to the cost of grain that was in the terminal elevators and charged that price. Surely the payment of storage in those terminal elevators, which enabled the terminal elevator operators to fill those terminals with sufficient feed grains to carry them through the season, should have had some material effect on the price of grain. Can you explain to me why it did not.

**Mr. McDonough:** I think I can explain it by saying that the price of grain was based on a short position in store in Eastern Canada. The payment of storage did not encourage more supplies than in previous years being brought forward and therefore grain prices were still held at a replacement cost. This was not true in the first year. In the first year in which the storage was paid there were more supplies than there had been in previous years.

**Mr. Jorgenson:** In other words, the trade found a way to get around it again.

**Mr. McDonough:** They followed the same practices as they had in the past, keeping pricing at the demand value.

**Mr. Jorgenson:** That brings me to my next question. Do you feel that you Board will have power to stop this sort of practice? Do you think that you have been given sufficient powers and that the type of operation that



you are engaged in will be able to overcome this practice on the part of the trade?

**Mr. McDonough:** I think the Board has been given sufficient powers to accomplish the objectives that are set out for us.

**Mr. Jorgenson:** How do you propose to do that?

**Mr. McDonough:** This, of course, is a matter for the Board to decide and I think as Dr. Perreault mentioned, prior to any recommendations being placed before the Board we have to do a lot of economic research into some problem areas, for example storage, to determine what type of programs is better able to handle these situations.

**Dr. Perreault:** We have much published data but we feel that the Board should receive more on a continuing basis in order to orient its decisions. I have in mind for example, data on the movement in and out of storage, price information and so on. We have some good data presently but we feel that it is not sufficient, when so many decisions are required. Of course we have the power to obtain the necessary information but we want to start on a co-operative basis with the various farms—co-operation is necessary—in the hope that we can get data on a continuing basis. That is definitely a must for the operations of the Board.

**Mr. Jorgenson:** Do you believe that it will be necessary to construct additional storage facilities in eastern Canada in order to ensure that there are sufficient supplies of feed grains to last through the winter months?

**Mr. McDonough:** I think it would be premature for us to say.

**Mr. Jorgenson:** You have not really made an assessment of that situation.

**Mr. McDonough:** No.

**Mr. Jorgenson:** In order to determine what the price structure is in the area that you will be serving, is it your intention to ask the trade to submit to you weekly, reports of prices on each of the classes of grain? I ask this question because when the Canadian Wheat Board in western Canada removed the quota restrictions on feed mills in the west, they signed an agreement with the various feed companies that they would have to submit a list of prices of each of the varieties of grain that they were purchasing and that they were selling. That gave the Board com-

plete control over the price structure in western Canada. It has been proven to us that this type of system perhaps can do more to assist you in ensuring that there is equality of prices. For example, if one company in an area will submit a price structure that seems to be out of line with all the others, you immediately are going to look into it to see where and why the problem has arisen there.

**Dr. Perreault:** Let us say that we cannot talk about price equalization without having the basic information to see how equalized prices really are.

**Mr. Jorgenson:** But are you intending to ask the trade to submit to you prices each week of the commodities that they are selling.

**Mr. McDonough:** It would not have to be each week; it could be every two weeks. Let us say it is the intention of the Board to request such information as is needed for good operations, and the Economic Research Department will be asked to give this matter top priority.

**Mr. Jorgenson:** Thank you very much, Mr. McDonough.

**The Chairman:** The next member I have on my list is Mr. Clermont.

*(Translation)*

**Mr. Clermont:** Dr. Perreault, a price fluctuation occurred, I believe, during a given period of the year I think it was January, February and March because water transportation ceases in the fall. The trade in the Maritime Provinces had signed agreements with the railways whereby they would benefit by a rate equivalent to the water rates if they agreed to have their feed transported by rail over a period of twelve months. Has there been an agreement of this kind signed by the trade in the province of Quebec?

**Dr. Perreault:** No, not yet. I know that zone negotiations are taking place between the railway companies and representatives of the trade as you mention.

**Mr. Clermont:** To your knowledge and to that of Mr. McDonough and your associate, Mr. Huffman, has this agreement signed with representatives of the Maritime Provinces made it possible for prices not to fluctuate too much during the months of January and February 1967?

**Dr. Perreault:** I cannot reply to the second part of your question. However, I know that



the people of the Maritime provinces are very satisfied with this agreement.

**Mr. Clermont:** As you know, Dr. Perreault, following the Kennedy Round of negotiations, the maximum and the minimum price of wheat on world markets was raised. Does this mean that there will be an appreciable increase in the price of feed grains on eastern markets or B.C. markets?

**Dr. Perreault:** This is a question I cannot answer now because, as I said, the Board was just recently created.

**Mr. Clermont:** Dr. Perreault, this committee visited B.C. and the three prairie provinces during the month of February. Various briefs received from the prairie provinces indicated a certain amount of concern with regard to the Livestock Feed Board, among other things that the Board would try to obtain better prices from the Canadian Wheat Board because, under Bill C-218, your Board must buy its feed grains in the prairie provinces and in the designated areas of B.C. through the Canadian Wheat Board. This being the case, can we say that these groups or pools were right in worrying about them?

**Dr. Perreault:** We hope to meet some of the directors of the Canadian Wheat Board soon.

**Mr. Clermont:** But I should add, Dr. Perreault, that Mr. McNamara, the Chairman of the Canadian Wheat Board, said that although he is ready to co-operate 100 per cent with your Board, your Board would pay the same prices as any other operator for feed grains.

**Dr. Perreault:** As I was saying, we intend to meet the representatives of the Canadian Wheat Board very soon. For that matter, the Canadian Feed Grain Act indicates that relations should be maintained between other governmental agencies, and we are going to meet and discuss with them various problems within the next few months.

**Mr. Clermont:** Under Bill C-218 your Board has the power to import feed grains? Am I right, however, in believing that you should obtain prior authority from the Canadian Wheat Board before obtaining an import licence?

**Dr. Perreault:** Yes.

**Mr. Clermont:** Or do you have the power to do so without going to the Wheat Board?

**Dr. Perreault:** It gives power to negotiate import licences, and I think that this is mentioned clearly in the Bill.

**Mr. Clermont:** True enough, but is it not the Canadian Wheat Board who enjoys exclusive rights in respect of the importation of feed grains into Canada?

**Dr. Perreault:** Yes, but the Act says that the Board must negotiate import licenses or permits.

**Mr. Clermont:** But with whom, the foreign exporters or with the Canadian Wheat Board? Because this is very important, perhaps Dr. Perreault or Mr. McDonough could give me the detailed information afterwards. I believe this is one of the apprehensions of the syndicate or the agricultural organizations in the Maritime provinces.

**Dr. Perreault:** I will make note of your question.

**Mr. Clermont:** I think we should be clear on whether your Board has proper authority to negotiate direct imports of feed grains if you have to go through the Canadian Wheat Board?

*(English)*

**The Chairman:** To make one thing clear, Mr. Clermont, the chief commissioner of the Canadian Wheat Board said that they would have to deal with them the same as anybody else. I would take from that that if the Eastern Feed Grain Board can negotiate a better price than some other country, it is up to them to do so.

**Mr. Clermont:** Mr. Chairman, I do not think it is very clear in Bill C-218 although I agree that the Board has the authorization to negotiate licences to import.

**Dr. Perreault:** Oh yes.

**Mr. Clermont:** It is not clear whether they have the power to negotiate directly with the non-resident exporter. Do they have to deal first with the Wheat Board?

**The Chairman:** Yes.

**Mr. McDonough:** Could I try to clarify this point. As I recall, the Canadian Wheat Board Act provides that the Canadian Wheat Board has exclusive authority for the importation of wheat, oats and barley from other countries, but by Order in Council any other agency of the government may be given the same permission.

(Translation)

**Mr. Clermont:** Clause 5 of Bill C-218, specifies the purposes, powers and functions of your Board. I would like to know, from the experience you have gained—I admit you have not had much experience since you have only come into your present position in May, 1967—if you think Bill C-218 provides you with the power to meet the purposes as specified in Clause 5, or do you believe that certain amendments should be made to the Act in order to make it possible for your organization to meet the specified purposes, under clause 5, in the near future?

**Dr. Perreault:** I think it is still too soon to speak of amendments. First, we must gain a little experience and then, with time, certain purposes will be determined.

**Mr. Clermont:** I put this question because in June or early July Parliament intends to pass an Act providing special funds for designated areas, but in January, 1967 this Bill was amended because we noted after only a few months that the amount of \$50 million was not adequate and that it should be raised to \$300 million.

**Dr. Perreault:** This Act is intended to administer to the needs, but note carefully that regulations will definitely have to be adopted by Order in Council.

**Mr. Clermont:** We will take into consideration that you, Mr. Perreault, Mr. McDonough and Mr. Huffman are new at your jobs. I know, on the other hand, that you all possess a great deal of experience in agricultural matters, with special reference to feed grains because of the responsibilities you have assumed in the past. We shall be indulgent with you because this is your first meeting with us.

**Dr. Perreault:** Then you will not be so indulgent the next time.

**Mr. Clermont:** I am not going to commit myself for the future.

(English)

**The Chairman:** There were a couple of members who wanted to ask questions and I did not know whether they were supplementary. Is yours supplementary, Mr. Flemming?

**Mr. Flemming:** No.

**The Chairman:** I have Mr. Herridge, Mr. Côté and Mr. Flemming.

**Mr. Herridge:** Thank you, Mr. Chairman. I have two or three questions to ask which will

not take up much of the Committee's time. First of all, in order to deflate some of my colleagues from the prairies, I want to bring to the attention of the Committee that we have the largest unfenced wheat field in Canada in my constituency, some 11,000 acres.

I would like to ask Dr. Perreault this question. What application does this vote have in British Columbia, what areas are receiving assistance, and have you any idea of the volumes involved in each case?

**Dr. Perreault:** Mr. McDonough has the figure and, at the same time, he can speak of the Board's new activities in B.C.

**Mr. McDonough:** Presently the feed grain assistance policy pays a portion of the freight going into B.C. as it does in eastern Canada. This has been exclusively rail. Studies are being carried out at the present time to determine the possibilities of opening this up for truck delivery in competition to rail, with the purpose of trying to reduce transport costs involved in the movement of grain into B.C. In respect of area covered, it covers all of the province of British Columbia with the exception of the Creston-Windel area, as far as subsidy is concerned.

**Mr. Herridge:** Would the wheat growers in the Creston-Windel area be subsidized if they were supplying grain to other points in British Columbia by truck delivered if the decision is—

**Mr. McDonough:** They are presently paid a subsidy by the provincial government in B.C.

**Mr. Herridge:** Would consideration be given under this vote if it was decided that grain could be delivered by truck because it was cheaper.

**Mr. McDonough:** It presently is being delivered out of Creston-Windel into the Vancouver area and to some of the other feeding areas of B.C. by truck and by rail, and the Provincial Government has a very similar subsidy program to our own covering this specific area of grain originating from the Creston-Windel area.

**Mr. Herridge:** At the present time what particular areas in B.C. are getting any benefit from this act?

**Mr. McDonough:** At the present time, all of B.C. with the exception of the Creston-Windel area.



**Mr. Herridge:** Thank you.

(Translation)

**Mr. Côté (Nicolet-Yamaska):** Mr. McDonough, you have just mentioned that there is a provincial Act in B.C. providing for subsidies in respect of the transportation of feed grains within the province. Is that so?

(English)

**Mr. McDonough:** Yes, sir.

(Translation)

**Mr. Côté (Nicolet-Yamaska):** What is the rate of subsidy? Is it calculated on a ton basis by the provincial government?

(English)

**Mr. McDonough:** I do not have the provincial government Act with me, but I could provide you with the figures at a later date. I believe that they use the same basis as we do, which is approximately \$4.40 under actual rail or truck costs.

(Translation)

**Mr. Côté (Nicolet-Yamaska):** Thank you. Dr. Perreault, the main objection last winter in the prairie provinces to the feed grain Board in the east was fear of negotiation by the producers. You know that over the last six or seven years "Les Unions Catholiques des Cultivateurs" had asked for the setting up of this Grain Board. The aim was not to pay the producer less money but to eliminate the middle man. This being the case, on February 10th, when we were in the Winnipeg stock exchange, we noticed that oats in particular were selling from 68.6 to 69.4 cents, which comes to approximately \$1.98 or thereabouts per cwt and that was for No. 1 feed grains. At the same time, when we came back from our trip, I was given to understand that in Eastern Canada we were paying for commercial feed grain from the West \$3.90 to \$3.98. Will your Board be able to provide a remedy for presently existing problems in transportation and in the wholesale and retail trade? In my opinion, these are the three areas which require your attention. There was almost a \$2.00 difference last February. It is very probable that if this differential were smaller or just disappeared it would not hurt the Western producer, and it might possibly bring an improvement for the Eastern producer.

**Dr. Perreault:** I do not think the Board's purpose is to eliminate the middle man. With the power we have under the Act, I think it might be possible for us to make the market-

ing system more efficient, at least in certain instances. We mentioned for instance, agreement with the railways which might make it possible for the farmer and the producer to ship grain all year round, thereby saving on warehousing costs and so on. Our purpose is not to eliminate the middle man but to improve marketing conditions as much as possible for the consumers.

**Mr. Côté (Nicolet-Yamaska):** Do you have any idea what the average figure is for one year between the price paid to the producer and the price paid by the consumer in Eastern Canada?

**Dr. Perreault:** No, because as I said a moment ago, we must, first, gather complete statistics. Some statistics are published and some are not. One of the first priorities of the Board and our Economics Department is to gather and analyze statistics so that we will have something on which to base our decisions. A lot of data is not available because we are just commencing our work.

**Mr. Côté (Nicolet-Yamaska):** Even though your Board has just recently been set up, do you not think that it will have time between now and next fall to look after the marketing in Eastern Canada? Can we not hope that by this fall we will feel the effect of your Board?

**Dr. Perreault:** I presume you are referring to what powers we have over selling, purchasing and distributing according to the need? While I have no set ideas on the subject, if the situation seems to require it, this will probably be done; but in any case any decision will have to be taken by Order-in-Council because all the Board can do is recommend to the government and, if it sees fit, it will act on the Board's recommendation. We will act according to circumstances, on an ad hoc basis. We do not know yet.

**Mr. Côté (Nicolet-Yamaska):** Thank you.

(English)

**Mr. Flemming:** Dr. Perreault, I would like to ask a question or two about the distribution of grain in the Atlantic Provinces. How many distribution points and storage points do we have in the Atlantic Provinces?

**Dr. Perreault:** I am not, sir, very familiar with the Maritime situation; I know something about it but not the complete details. This is certainly one thing that I want to look into.



**Mr. Flemming:** We will not quarrel with the extent of your knowledge. I know that you know a good deal more about it than I do, but I do want to refresh my recollection of how many distribution points we do have.

**Mr. McDonough:** Halifax is the only grain port of any significant size which can service the Feed grain trade in the Maritimes. Economically, there are other points which have, and can, deliver grain into the Maritime Provinces, but at a higher cost than Halifax.

**Mr. Flemming:** I can appreciate that. In respect of distribution, I assume that this grain comes in from the lake port in so-called "lakers" that do not require a deep draught for navigation purposes.

**Mr. McDonough:** Into Halifax?

**Mr. Flemming:** No. Actually what I am leading up to is a representation to the Board, which I would like to make at this point, for the establishment of distribution centres at such places as Moncton, up the Petitcodiac River for instance, and Fredericton, up the Saint John River. Fredericton is almost the exact centre of the Province of New Brunswick and Moncton is almost the exact centre of the Maritime Provinces. It seems to me that the Board might very properly, and with great advantage to the consumers in general, look into the feasibility of establishing distribution warehouses, if you like—if that is the proper term—at those points because of their geographical location. Has the Board been able to give some consideration to this point to date?

**Dr. Perreault:** Not yet.

**Mr. Flemming:** Then may I have your assurance, Dr. Perreault, that you will do so.

**Dr. Perreault:** You misunderstood me. Depending upon the problems, the result of the study and so on, the Board could take a position on this, but I am not so fully aware of the situation that I can give you a definite answer on this at this time.

As you know, we have a member on our Board from the Maritime co-ops, Mr. Dernier, who is very competent and well aware of all the problems of the Maritimes and whenever a problem arises in this area we get the full information from him.

**Mr. Flemming:** What was the name of the member of your Board you just mentioned?

**Dr. Perreault:** Mr. Willard Dernier from Moncton.

**Mr. Flemming:** Well, he surely should be as much interested in distributing from Moncton as I am because it is a little bit out of my jurisdiction.

Is any encouragement given to dealers to give farmers special terms of payment at the end of the navigation season so that farmers might be able to put in an extra supply of grain to tide them over the winter? Is this something that the Board, through its good offices, could establish between the dealers and the consumers?

**Mr. C. Huffman (Vice-Chairman, Canadian Livestock Feed Board):** Mr. Chairman, first of all, we want to work with the trade, and we are trying to encourage the trade to obtain the requirements of the producers early so that this could be accomplished. If it is not, of course we have to take another look. However, we are encouraging that.

**Mr. Flemming:** That was really my question. I realize that the Board is newly established and that they have not covered the whole waterfront so far as activity is concerned. I am not suggesting that I want to register any particular complaint; it is a quest for information as much as anything. I have mentioned what I consider to be fertile fields for exploration by the Board, with the general idea of bringing about an improvement in the distribution and from the point of view of the consumer.

I understand that feed grains and the supply of feed grains in Canada is not increasing to any great extent, and I submit, Mr. Chairman, that it really becomes a question of the best possible distribution to the most people in order to accomplish the most benefit. In general terms, I think, that is a very laudible objective. No doubt the Board is very conscious of this and anxious to co-operate in every way possible.

**Dr. Perreault:** I would like to add that it is certainly the Board's intention to have in its possession the best outlook data possible because that is certainly a continuous pre-occupation of the Board. This is also necessary because the Board has the power to negotiate space requirements in the elevators.

So far, we have to tackle two problems in two different locations of eastern Canada, one being Halifax and the other Quebec City.

**Mr. Flemming:** I submit, Dr. Perreault, that the establishment of a distribution point in the Province of New Brunswick is something

which should receive your attention at the earliest possible moment.

**Dr. Perreault:** I have taken note of this.

**Mr. Flemming:** Halifax, after all, is 250 or 300 miles from the consuming area which I have the honour to represent in Parliament, and I would assume that transportation costs are pretty serious from the point of view of the consumer.

On the other hand, it seems to me that if it were possible to use lakers during the navigation season your Board might assist in the establishment of some facilities by which a point which has some natural geographical advantage might be able to distribute. I think it is something that you might look into as soon as you have time to do this. I would like to make that request of you, sir.

**Dr. Perreault:** We will make a note of your request.

**Mr. Flemming:** And do not forget Fredericton on the Saint John River as a distribution point.

**Mr. Huffman:** Mr. Chairman, could I ask if you would like it surveyed by agreed railroad rates as well as by lakers? I assume that you want the best possible rate.

**Mr. Flemming:** Oh, yes. I have no particular reason to think that it must be done in a certain way. My only interest is to get the feed into the hands of the consumer at the best possible price and with a degree of regularity over the season that enables him to continue his business; that is my general interest in the matter. If it is a matter of all rail and it can be done to good advantage, I would certainly have no objection to that. I am just trying to bring these points before the Board, Mr. Chairman, so that they might be conscious of them and give them the consideration which I hope will be forthcoming.

**The Chairman:** I would like to inform you, Mr. Flemming, that the Vice-Chairman of the Board has a son-in-law who has spent a long time in New Brunswick, so the Vice-Chairman is quite familiar with the needs and wants of the people in New Brunswick. His knowledge of that area should prove helpful in getting storage and other facilities for the people in New Brunswick.

**Mr. Flemming:** That will be fine. I hope the son-in-law will have as much effect on his father-in-law as he had on the father-in-law's daughter.

**Mr. Roxburgh:** Dr. Perreault, in response to a previous question by our most reverend gentleman from British Columbia over here, it was pointed out that a certain section—and they have such peculiar names there that I just cannot remember—sent grain to other parts of the province and received either a freight or truck subsidy, whichever the case may have been.

Now, in western Ontario there is one of the largest corn and winter wheat growing areas in Canada, and I was wondering whether the Board have given any consideration, and if they have not, whether they will give consideration to paying freight subsidies for those grains going out into other parts of the country.

**Dr. Perreault:** Well this question was discussed by the Board. The decision was that a full study be made on the whole question of not only corn but also Ontario wheat. It will be a top priority of the Research Department to look into the whole matter.

**Mr. Roxburgh:** Thanks ever so much.

**Dr. Perreault:** The question you raised was discussed at the two meetings of the Board so far.

**Mr. Roxburgh:** I see. Thanks ever so much.

**The Chairman:** Could I ask a question? I do not think there is a corn board. I read in an article in the press yesterday that the corn growers in Ontario are talking about organizing a corn marketing scheme or setting up a provisional board. Do you plan on meeting with, say, the Ontario Wheat Producers' Marketing Board? Do you plan on any meetings with them?

**Dr. Perreault:** Yes. When we make a tour we plan to meet these people. Incidentally, a corn marketing board has been founded. It is not voted in yet in the Province of Quebec.

**Mr. Forbes:** Dr. Perreault, since you have commenced operations, have you had any complaints from feeders with respect to the price that they are paid for feed, and what action did you take to improve the situation, or did you improve it to their satisfaction?

**Dr. Perreault:** We have not had any complaints to my knowledge. Have you had any Mr. Huffman?

**Mr. McDonough:** The only problem that we have really had since starting operations is one within the Halifax area as a result of the



strike at the Halifax elevator which cut off grain supplies to the Annapolis Valley. This was handled in an emergency subsidy program whereby we picked up part of the freight costs for originating grain to insure that sufficient grain was brought in and that feed prices did not rise during that time of the critical shortage of feed grain in the Annapolis Valley.

**Mr. Forbes:** In other words the actions of the Board were satisfactory to the producers in that area.

**Mr. McDonough:** In that area, yes.

**Mr. Forbes:** Have you had any discussions with the railways with respect to freight rates to endeavour to reduce the cost to the feeders?

**Dr. Perreault:** We have had a few meetings with some of the representatives of the railways. I think that to be operative the railway charges will have to be competitive with water transport.

**Mr. Forbes:** You were not successful in making any changes in the whole operation prior to...

**Dr. Perreault:** Well, *pour parler*, they are still discussing the problem among the railway representatives and the representatives from the trade. This is the way it stands at present as far as Quebec is concerned.

**Mr. Forbes:** I just throw those questions to you, realizing you have not been in operation very long. Next year when you come back you will have to justify your position that you are serving some purpose, and this is a thing that has always been in my mind. I question what you can do about the situation in view of the fact that the government already subsidizes storage and freight rates.

**Mr. Noble:** Mr. Chairman, I would like to direct this question to Mr. Huffman, he being a practical man and I think familiar with the situation in Ontario. Does he feel this Board will be able to offer better service to Ontario farmers across the whole province? As he knows, farmers in western Ontario do not have too many complaints now about the service they are getting in respect of feed grain. I am wondering what advantage we have there that we are going to be able to offer them over and above what we already have?

**Mr. Huffman:** Mr. Chairman, coming from an Ontario section, we certainly propose that

we will get into negotiations and, without any predictions, that we can have better co-operation with the wheat and corn organizations and that we perhaps might be able to move into a still better transportation agreement.

We have done quite a little bit of work in my previous organizations to get better rates to move to Montreal and we certainly are hopeful that we can dovetail this in so it will be of interest to the consumer in both the Maritimes and Quebec and to the advantage of the producers in Ontario. This is certainly one of our positive objectives.

**Mr. Noble:** What about grain coming into our elevators from the west? Will the farmers be able to buy this a little cheaper owing to the efforts that you might be able to make in this regard?

**Mr. Huffman:** That is a good point but I cannot answer this yet.

**Mr. Forbes:** Percy, you are getting tough!

**The Chairman:** I can ask a supplementary to that, Mr. Huffman. Do you think there is a need for elevator facilities in western Ontario even to bring feed grain into that area because it is a large purchaser of certain types of feed grains from western Canada but it is also a large producer of other types of feed grain not consumed in this area? Do you think there is a need for elevator facilities in that area or are you in a position to say at this time?

**Mr. Huffman:** Mr. Chairman, I will give you my honest opinion. We have facilities and if they are used in the proper manner I think that it would do a . . . As of this moment I could not say, except that we do have facilities but I think they could be improved in the conditions of operation. I think this Board will certainly sit down and try to review how this may be done. I think the facilities are there; it is perhaps the way they are operated that does not work to advantage.

**The Chairman:** Mr. Clermont?

(Translation)

**Mr. Clermont:** Mr. Chairman, would you allow me a supplementary? It is related to a question put by Mr. Flemming and answered by Dr. Perreault. If the manufacturers of the Province of Quebec or the intermediaries sign the same agreement with the railways that was signed by the manufacturers or intermediaries in the Maritimes, would not the storage points become as important?



**Dr. Perreault:** I have no doubt that there would certainly be repercussions related to storage; it all depends on the volume and the agreements that are signed.

**Mr. Clermont:** But if the agreement were signed that the rate of transportation would be the same during the twelve months, would this not help, in part, the lack of storage facilities in certain regions?

**Dr. Perreault:** Definitely. This of course, depends on the volume mentioned in the agreement. There would certainly be good results from this, provided the rates are competitive.

**Mr. Clermont:** In my opinion, the rate in the agreement signed with the Maritime manufacturers is the same as if transportation had been by water.

(English)

**The Chairman:** I just wanted to ask one question that came to my mind. Have you had a meeting yet, Dr. Perreault, with your Advisory Committee?

**Dr. Perreault:** No. It is planned and there is a meeting in the offing next month. The reason why we have not had any meetings so far is that we had to go through all the organization procedures but there will certainly be a meeting this coming month. It is planned for July 20th.

**Mr. Forbes:** Could I ask you who are the members on this Advisory Committee, how they are established and where they are?

**Dr. Perreault:** I do not have the list of names with me. The Chairman is Mr. Currie, who is from B.C., and there are seven members in number. There are two representatives from Ontario, two from Quebec if my memory serves me right and two from the Maritimes.

**Mr. Forbes:** Are the personnel of this Advisory Committee all feeders? There are no grain producers on this Advisory Committee?

**Dr. Perreault:** There are representatives of farm organizations.

**The Chairman:** They are mostly all recommended by the farm organizations.

**Dr. Perreault:** By the farm organizations so far.

**Mr. Forbes:** Some of them then could be producers.

**The Chairman:** The Canadian Federation of Agriculture, the Farmers' Unions and the U.C.C. recommended the names, if I remember rightly.

**Mr. Forbes:** All right, thank you.

**The Chairman:** I would like to ask just one other little question. Is your staff all finalized? If it is not, are you having difficulty getting staff?

**Dr. Perreault:** We are working on it. Next month we will be hiring some good, qualified technical people. But I must say this: that in any new organization it is a slow process. I was thinking, for one, that we could do it faster but it is a slow process and in that time we wanted to be very sure we could get well qualified men for the Marketing Department.

I can tell you a little bit about the organization; the Marketing Department, the Economic Research, Administration and Subsidy Programs, of course. Mr. McDonough, would you like to add something?

**Mr. McDonough:** Yes. I was going to say pretty well what you did, Dr. Perreault, that we, of course, have been cautious. We want to get the best people that we can and we have endeavoured to form an organization which is small in numbers but made up of good, strong, knowledgeable people rather than going to a large number of people to try to accomplish the same objectives. We are looking in an area in which it is difficult to find people. These are normally fairly responsible people in grain marketing and they are in demand by industry.

**The Chairman:** If there are no further questions, I want to thank Dr. Perreault, Mr. Huffman and Mr. McDonough. I am a poor Irishman when I cannot even pronounce an Irishman's name here. I guess I am too much of a Canadian. We realize that your Board is new, Doctor. We know that you will probably run into lots of headaches and obstacles, and in another year if there are any complaints they will certainly be brought to the Committee's attention and they will try to put you through the process of finding out why these things happened. I think you will find the Committee members here very realistic, and that they understand that you will be confronted with these problems. We appreciate your coming here today. I might add that both Dr. Perreault, who was formally with UCC, and Mr. Huffman, who is a farmer and

Federation of Agriculture man—I understand the man from New Brunswick is head of the Maritime co-operative organization...

**Mr. Flemming:** What was his name, Dr. Perreault? I did not get the name.

**The Chairman:** Of the man from New Brunswick?

**Mr. Flemming:** Yes.

**An hon. Member:** Willard Dernier.

**Mr. Flemming:** How do you spell it?

**An hon. Member:** D-e-r-n-i-e-r.

**Mr. Flemming:** Willard is his first name?

**An hon. Member:** Willard is his first name.

**Dr. Perreault:** He is the General Manager of Maritime co-ops.

**Mr. Flemming:** I see.

**The Chairman:** So I think you will see and understand that we have people that are on the Advisory Board. As we said before, it is made up of farmers recommended by the farm organizations from British Columbia, Ontario, Quebec and the Maritime area. They should be very helpful to the Board members from time to time. I hope the Doctor can feel free to make any recommendations or suggestions to you and your board from time to time that may be helpful to you, and that they can let you know themselves of any complaints that they receive. So, if there is no further discussion I would...

**Mr. Clermont:** Mr. Chairman, I have something to say which will take only half a minute. I would like to wish the new Board the same success and am sure they will receive the same approval as the Canadian Wheat Board is receiving in the West and from the western producer.

**Mr. Jorgenson:** You cannot wish for much more than that.

**The Chairman:** No.

**Mr. Clermont:** Do you not think that is a fair wish?

**The Chairman:** That is a fair wish. Before we adjourn, could we have a motion on the main estimates, that items 40 and 45 be carried?

**Mr. Clermont:** I so move.

**Mr. Noble:** I second the motion.

Items 40 and 45 agreed to.

**The Chairman:** Now, we have left on Forestry and Rural Development, items 1 and 3 of the estimates, I believe, which were stood on Friday, June 16th. I understand that Mr. Flemming had some comments he would like to make.

**Mr. Flemming:** Yes, I have, Mr. Chairman. I have been talking to the Secretary, and unfortunately, I regret very much that I missed the Minister's presentation.

**The Chairman:** Oh, I see.

**Mr. Flemming:** I was going to get a copy, and the Secretary has now assured me he expects to have one within a day or two. I think, in justice to the Minister, and as a bit of courtesy, that I should look over what he said before I make any comments, if it meets with the approval of the Committee, rather than just make them without paying any attention to what the Minister has said.

**The Chairman:** Well, we can then leave this until our next meeting, which I think will be on Tuesday?

**Mr. Clermont:** I hope not, Mr. Chairman. I hope there will be no meetings next week, and Mr. Flemming can make his remarks when...

**The Chairman:** When the estimates are in the House?

**Mr. Flemming:** I would have no objection to that.

**Mr. Clermont:** I have expressed my own opinion, but I hope that if it is possible we will not be meeting next week. If it is not possible...

**The Chairman:** We will have to have a meeting in camera next week to prepare our report for the House. We might as well submit the report to the House. I would suggest, Mr. Flemming, if you are in agreement with that you could make your comments in the House. We could pass the Committee's report to the House next week, then you could make your comments when the estimates are before the House. Because I understand there will be time in the House for the members to make comments if they...

**Mr. Flemming:** If that is your wish, Mr. Chairman, and the wish of the Committee, that is perfectly agreeable with me. I would just as soon make those comments in the House. I do not think I should ignore the comments of the Minister.

**The Chairman:** Fine.

**Mr. Crossman:** Mr. Chairman, did you intend having that meeting on Tuesday?

**The Chairman:** Well, I thought late Tuesday afternoon or Tuesday evening, as it would not be possible on Tuesday morning.

**Mr. Crossman:** Would it not be possible to have the meeting on Tuesday morning?

**The Chairman:** No, because I cannot possibly be back myself on Tuesday morning. We are having a Steering Committee meeting this afternoon at 2 o'clock, and we will try to have the Steering Committee work out a time for the meeting that will be most practical for everybody. We realize that it is most difficult to meet everyone's convenience with the meeting, but I think it is important that we try to have it late Tuesday or Tuesday evening. I do not know what functions there are on Tuesday, as there are so many things going on at this time.

May we have a motion that items 1 and 3 carry?

**Mr. Flemming:** I so move.

**Mr. Herridge:** I second the motion.

Items 1 and 3 agreed to.

**Mr. Crossman:** Would it be possible to have that meeting during the sitting hours of Tuesday afternoon?

**The Chairman:** We will discuss that with the Steering Committee this afternoon. We are meeting in room 356-S at 2 o'clock this afternoon.

I would like to thank you gentlemen very much.

The meeting is adjourned to the call of the Chair.



HOUSE OF COMMONS

Second Session—Twenty-seventh Parliament

1967

STANDING COMMITTEE

ON

**Agriculture, Forestry and Rural  
Development**

*Chairman:* Mr. EUGENE WHELAN

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

TUESDAY, JULY 4, 1967

THURSDAY, JULY 6, 1967

RESPECTING

Estimates (1967-68) of the Department of Agriculture

Including

SECOND REPORT RESPECTING THE

Estimates (1967-68) of the Department of Forestry  
and Rural development.

WITNESSES:

*From the Ottawa March Committee:* Mr. Ellard Powers, Co-ordinator and Vice-President, *Ontario Farmers' Union*; Mr. John Dolmer, President, *Ontario Farmers' Union*; Mr. Walter Miller, 2nd Vice-President, *Ontario Farmers' Union*; Mr. Charles Munro, President, *Ontario Federation of Agriculture*; Mr. R. A. Hergott, Manager, *Ontario Federation of Agriculture*; Mr. Roy Coulter, Executive Member, *Ontario Federation of Agriculture*; Mr. Lionel Sorel, General President, *L'Union Catholique des Cultivateurs*; Mr. Paul Couture, Vice-President, *L'Union Catholique des Cultivateurs*; and Mr. Jean Marc Kirouac, Director of Service and Information, *L'Union Catholique des Cultivateurs*.

ROGER DUHAMEL, F.R.S.C.

QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1967

STANDING COMMITTEE  
ON  
AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

*Chairman:* M. Eugene Whelan

*Vice-Chairman:* Mr. Herman Laverdière

and

Mr. Alkenbrack,	Mr. Gauthier,	Mr. Orlikow, <sup>1</sup>
Mr. Asselin ( <i>Richmond-</i>	Mr. Gendron,	Mr. Peters,
<i>Wolfe</i> ),	Mr. Godin,	Mr. Pugh,
Mr. Beer,	Mr. Grills,	Mr. Rapp,
Mr. Berger,	Mr. Honey,	Mr. Ricard,
Mr. Chatterton,	Mr. Hopkins,	Mr. Roxburgh,
Mr. Choquette,	Mr. Horner ( <i>Acadia</i> ),	Mr. Schreyer,
Mr. Clermont,	Mr. Johnston,	Mr. Stafford,
Mr. Comtois,	Mr. Jorgenson,	Mr. Stefanson,
Mr. Côté ( <i>Nicolet-</i>	Mr. Lefebvre,	Mr. Thompson,
<i>Yamaska</i> ),	Mr. MacDonald ( <i>Prince</i> ),	Mr. Tucker,
Mr. Crossman,	Mr. Madill,	Mr. Watson ( <i>Château-</i>
Mr. Éthier,	Mr. Matte,	<i>guay-Huntingdon-</i>
Mr. Fairweather,	Mr. Neveu,	<i>Laprairie</i> ),
Mr. Flemming,	Mr. Noble,	Mr. Yanakis—45.
Mr. Forbes,	Mr. Nowlan,	

(Quorum 15)

Michael B. Kirby,  
*Clerk of the Committee.*

<sup>1</sup> Replaced Mr. Herridge on Wednesday, July 5, 1967.

ORDER OF REFERENCE

WEDNESDAY, July 5, 1967

*Ordered*,—That the name of Mr. Orlikow be substituted for that of Mr. Herridge of the Standing Committee on Agriculture, Forestry and Rural Development.

Attest.

LÉON-J. RAYMOND,  
*The Clerk of the House of Commons.*



## REPORT TO THE HOUSE

THURSDAY, July 6, 1967

The Standing Committee on Agriculture, Forestry and Rural Development has the honour to present its

### SECOND REPORT

In accordance with an Order of the House made on Thursday, May 25, 1967 the Committee had before it for consideration the items listed in the Main Estimates for 1967-68 relating to the Department of Forestry and Rural Development.

While considering its Order of Reference your Committee held six meetings and heard the following:

The Honourable Maurice Sauvé, Minister of Forestry and Rural Development;

*From the Department of Forestry and Rural Development:* Mr. R. K. McAuley, Head, Financial Services; Mr. G. W. McGuire, Assistant Director, Personnel Services; Mr. R. J. Mulligan, Director of Administration; Mr. R. H. Dowdell, Director of Personnel Administration; Mr. L. Cameron, Director of Information and Technical Services.

*Forestry Branch:* Dr. M. L. Prebble, Assistant Deputy Minister; Mr. H. W. Beall, Special Adviser to the Deputy Minister.

*Rural Development Branch:* Mr. André Saumier, Assistant Deputy Minister; Mr. R. August, Chief of Administration; Mr. J. J. Quigley, Acting Chief, Information Services; Mr. L. E. Poetschke, Economic Adviser.

*Canadian Livestock Feed Board:* Dr. R. Perrault, Chairman; Mr. C. Huffman, Vice Chairman; Mr. J. M. McDonough, Executive Director.

### FORESTRY

Few Canadians realize how important a resource our Canadian forests are and fewer understand that the forests are one of the few renewable resources of this country. Your Committee is pleased to see that the Departmental officials are working to bring this fact home to Canadians.

Forestry research has been greatly stepped up in recent years—a most desirable development, your Committee feels. Your Committee is happy to note that the Monte-Bello meeting of Canadian foresters will be held again this year. Your Committee is of the opinion that this conference helps greatly in disseminating the results of Forestry research across the country.

While your Committee is aware of the jurisdiction of the Forestry Branch of the Department, it is your Committee's feeling that greater encouragement should be given to the various reforestation efforts. The Department must take the leadership in this very important area, for the industrial and recrea-

tional needs of this country in the coming years are rising steadily. While at present Canada is growing more wood than is needed by the industry, there are signs that in the next fifty to sixty years, the present rate of growth will not be sufficient to meet the market demands.

### RURAL DEVELOPMENT

Your Committee believes that the officials of the Rural Development Branch are to be congratulated on their progress to date.

It is your Committee's view, however, that A.R.D.A. is not receiving the priority that it must have, and in many cases it feels that the lack of public information about A.R.D.A. lies at the bottom of the failure to take advantage of this program.

It is your Committee's recommendation that the Federal Government make greater efforts to publicize A.R.D.A. and its possibilities.

Your Committee is happy to note that the Rural Development Branch is preparing films and other promotional material designed to publicize A.R.D.A. and hopes that the program will be enlarged and accelerated.

Your Committee would like to examine A.R.D.A. and related Acts and Administrations more closely. Your Committee considers that the Estimates were not the vehicle for the type of examination your Committee wishes to carry out. Accordingly, your Committee requests that it be given the power to inquire into and examine further the Rural Development Program, and asks that it be given permission to adjourn from place to place in Canada.

### CANADIAN LIVESTOCK FEED BOARD

The Canadian Livestock Feed Board has just become operational. Your Committee feels that it must be given every encouragement to become fully operational as soon as is practical and possible. Assistance must be given to the Board in its search for qualified staff and the need to become operational should in no way lower the standards the Board has wisely set.

The Committee was impressed with the caliber of the men given the task of setting this agency in motion and has every confidence that in the coming years the Board will justify this belief.

Your Committee commends to the House for its approval the items listed in the Main Estimates for 1967-68 relating to the Department of Forestry and Rural Development.

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A copy of the relevant Minutes of Proceedings and Evidence (*Issues Nos. 1 to 6, inclusive*) is tabled.

Respectfully submitted,

EUGENE WHELAN,  
*Chairman.*





## MINUTES OF PROCEEDINGS

TUESDAY, July 4, 1967

(7)

The Standing Committee on Agriculture, Forestry and Rural Development met *in camera* this day at 2:10 o'clock p.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Chatterton, Clermont, Gauthier, Gendron, Godin, Honey, Hopkins, Johnston, Lefebvre, Matte, Noble, Schreyer, Stafford, Tucker, Whelan (15).

The Chairman informed the Committee that the Sub-Committee on Agenda and Procedure had met and wished to submit its second report which is as follows:

"Your Sub-Committee recommends that the Ottawa March Committee of the Union Catholique des Cultivateurs, the Ontario Farmers Union and the Ontario Federation of Agriculture who by their own request asked to appear before the Committee, be heard on Thursday, July 6, 1967."

*Agreed*,—That the Second Report of the Sub-Committee on Agenda and Procedure be adopted.

The Committee considered a draft of a report to the House on the Estimates of the Department of Forestry and Rural Development for 1967-68.

After discussion, several amendments were made and later,

On motion of Mr. Clermont, seconded by Mr. Noble, it was

*Resolved*,—That the draft report as amended be adopted, and that the Chairman report it to the House.

At 2:35 o'clock p.m., there being no further business, the Committee adjourned to the call of the Chair.

THURSDAY, July 6, 1967

(8)

The Standing Committee on Agriculture, Forestry and Rural Development met this day at 9.40 o'clock a.m. The Chairman, Mr. Whelan, presided.

*Members present:* Messrs. Alkenbrack, Asselin (*Richmond-Wolfe*), Chatterton, Choquette, Clermont, Comtois, Côté (*Nicolet-Yamaska*), Crossman, Gauthier, Gendron, Godin, Honey, Hopkins, Johnston, Jorgenson, Laverdière, Lefebvre, Matte, Neveu, Noble, Orlikow, Peters, Ricard, Stafford, Tucker, Whelan, Yanakis (27).

*Also present:* Messrs. Cowan and Moore (*Wetaskiwin*).

*In attendance:* From the Ottawa March Committee: Mr. Ellard Powers, Co-ordinator and Vice-President, Ontario Farmers' Union; Mr. John Dolmer,

President, Ontario Farmers' Union; Mr. Walter Miller, 2nd Vice-President, Ontario Farmers' Union; Mr. Charles Munro, President, Ontario Federation of Agriculture; Mr. R. A. Hergott, Manager, Ontario Federation of Agriculture; Mr. Roy Coulter, Executive Member, Ontario Federation of Agriculture; Mr. Lionel Sorel, General President, L'Union Catholique des Cultivateurs; Mr. Paul Couture, Vice-President, L'Union Catholique des Cultivateurs; and Mr. Jean Marc Kirouac, Director of Service and Information, L'Union Catholique des Cultivateurs.

The Chairman called item 1, Departmental Administration, of the Main Estimates, 1967-68, of the Department of Agriculture referred to the Committee on Thursday, May 25, 1967.

The Chairman made a statement pointing out that the Co-ordinator of the Ottawa March Committee had on Monday, June 19, 1967 requested that his group be allowed to appear before the Committee and that the Committee had agreed to hear them on Thursday, July 6, 1967.

The Chairman introduced the witnesses from the Ottawa March Committee. Mr. Powers, Mr. Dolmer, Mr. Sorel and Mr. Munro each made a statement.

When the statements were complete the members of the Committee proceeded to question the witnesses.

Later, the Chairman thanked the witnesses and they were excused.

On motion of Mr. Choquette, seconded by Mr. Gauthier,

*Agreed*,—That the meeting adjourn to the call of the Chair.

At 1.00 o'clock p.m., the Chairman adjourned the Committee to the call of the Chair.

Michael B. Kirby,  
*Clerk of the Committee.*

## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, July 6, 1967

**The Chairman:** Gentlemen, I will now call the meeting to order.

Some time ago, Mr. Ellard Powers, Vice-President of the Ontario Farmers' Union and Chairman of the group that came to Ottawa some weeks ago, wrote the Clerk of the Committee expressing a desire to appear before the Standing Committee on Agriculture, Forestry and Rural Development of the House of Commons. Mr. Powers and representatives of the Ontario Farmers' Union, the Ontario Federation of Agriculture and L'Union Catholique des Cultivateurs are with us today. Mr. Powers is on my immediate right, and going counter-clockwise, the witnesses are Mr. John Dolmer, President, Ontario Farmers' Union; Mr. Lionel Sorel, General President, L'Union Catholique des Cultivateurs; Mr. Charles Munro, President, Ontario Federation of Agriculture; Mr. R. A. Hergott, Manager, Ontario Federation of Agriculture; Mr. Walter Miller, 2nd Vice-President, Ontario Farmers' Union; Mr. Jean Marc Kerouac, a representative of the L'Union Catholique des Cultivateurs and Mr. Paul Couture, Vice-President, L'Union Catholique des Cultivateurs.

To assist those who have not appeared before this Committee in the past, I would like to outline the procedure we will follow. I, as Chairman, am charged with ensuring that the meeting is conducted in a proper manner and we must abide by the same rules that apply in the House of Commons, whether we hold our meetings here in Ottawa or some place else in Canada. We are not too formal here—we are pretty free and democratic, as far as that goes—but there are certain procedures that we must follow. It will be impossible to have everyone listed as an active witness, but the three main witnesses, I understand, besides Mr. Powers, will be Mr. Dolmer, Mr. Sorel and Mr. Munro. If they wish to refer any questions from the Committee Members to Mr. Couture or the other people who are here today, they may do so.

Unfortunately, I do not think everyone has a copy of the letter Mr. Powers wrote to me, as Chairman of the Committee, outlining some of the things they wanted to discuss. I did have a few copies made of the letter, but not sufficient to go around. I will now ask Mr. Powers to make his opening statement.

**Mr. Ellard Powers (Vice-President, Ontario Farmers' Union, Beachburg, Ontario):** Thank you, Mr. Chairman. We are happy to be here this morning. At the last meeting of our co-ordinating committee it was decided that I should send a letter to your Chairman outlining, broadly, the areas which we would like to have discussed. Incidentally, this co-ordinating committee is still carrying on in the manner it did prior to the Ottawa march for the purpose of co-ordinating the action of the farm organizations in Ontario and Quebec. However, since we are here today we are prepared to discuss anything dealing with agriculture or agricultural problems and to answer any questions that Members of this Committee might ask us.

I will read the suggested areas of discussion as outlined in my letter to your Chairman:

(1) Our Committee would like to discuss the Agricultural Stabilization Act and the application of it and the present method of supporting agricultural prices.

(2) The need for long term planning in agriculture, which should include pricing, production and marketing, both internally and externally.

(3) The need for more co-ordination between the various government agencies now set up to assist the farmer.

(4) Increased emphasis and action in the area of National Marketing Boards or Commissions by government.

(5) The need for implementing a system of import regulations and equalization payments, so that Canada does not become a dumping ground for other countries.

There are many other areas in which we are interested and in which, I expect, you as Members of the Committee are interested.



**The Chairman:** The instructions to this Committee from the House are to deal with the Estimates. If we digress very far we are not following these instructions and no committee has the authority to deviate from an Order of Reference of the House. I think all Committee Members here today are interested in agriculture.

Mr. John Dolmer, do you wish to make a statement?

Mr. Dolmer is President of the Ontario Farmers' union.

**Mr. John Dolmer (President, Ontario Farmers' Union):** Mr. Chairman and gentlemen, the meeting this morning is a follow up of the May 24 demonstration and the meeting that was held with Mr. Greene, the Minister of Agriculture and the meeting of June 13 with Mr. Sauvé, the Minister of Forestry and Rural Development. I understand this morning you wish to deal with matters that pertain to the Estimates of the Department of Agriculture. I might begin with the dairy situation.

It is common knowledge that all farm groups across Ontario and, in fact, across Canada are agreed that \$5 net per hundred-weight for manufactured milk is a necessary minimum price and the federal dairy policy falls far short of this. As far as the three groups here this morning are concerned, I think it is safe to say we have not altered our opinion that \$5 per hundredweight is necessary for manufactured milk. Before the Estimates of the Department of Agriculture are approved in the House in the near future we feel that this is an area in which this Committee can have some influence.

• (9.45 a.m.)

**The Chairman:** I think we should continue with other statements.

Mr. Sorel, do you wish to make a statement at this time? Mr. Munro might follow with his remarks if he wishes. The Committee Members can then ask their questions.

(Translation)

**Mr. Lionel Sorel (President of the U.C.C. l'Union catholique des Cultivateurs—Catholic Farmers' Union):** Mr. Chairman, forgive me if I speak in my own language, but I always find it easier. Well, since it is my duty, and although I am rather reluctant to do so, I would like this morning to draw your attention to the situation of farmers generally. For

ten years now, farmers have been earning 50 per cent less income than other sectors of the economy. Either this is true or it is not true. If it is not true, prove it; if it is true, it should no longer be endured.

In my opinion, our legislators ought now to decide whether we are really going to have an agricultural policy in Canada, whether we are going to have an agricultural policy in Eastern Canada, and whether we are going to have an agricultural policy which will not oblige them to mislead our farmers by telling them that slight improvements have been made, that things are better, or that things are not so bad as they were, even if our people do end up ruined anyway. At this time, the farmer feels that slight improvements will not suffice. Farmers have the right to demand, that for efforts which are reasonable and comparable to those of other workers, they should receive a comparable income. Therefore some action should be taken. I know that at that point we run up against many objections. Legislators always find a way of evading the issue in order to allow this situation to continue.

The peoples' representatives are here. To my mind, they have no right to allow this situation to continue. You should not allow it. I am not going to tell you what your duties are—you know them better than I do. You are responsible men. However, I would just like to draw your attention to this point. They give as a reason the existence of agreements—GATT, the Kennedy Round, etc., and free trade. Farmers are also told that we must import if we want to export. So we are going to export paper, asbestos, etc., and we are going to import agricultural products which will completely destroy the market and ruin the prices of our farmers in the provinces, which is what is happening today. Indeed, we do not have to look far for proof. Now, while you are sitting, the situation with regard to potatoes is such that we are obliged—and I am shocked (I do not know whether I am weak or just easily shocked), but I am shocked to see imported potatoes in all our grocery stores and in all the chain stores now, while the Federal Government has to pay to have No. 1 Canadian potatoes destroyed. I cannot bring myself to accept this.

I repeat, even in many of the very small stores I have visited in Montreal, I have noticed that imported potatoes are on sale these days. I am not against importation, if it pro-

vides consumers with products at fair prices. At the present time, there is no price on potatoes and we have to meet competition from imports. The same situation obtains at present in the fields of egg and poultry production. Eggs sell at 12 cents less than it costs to produce them. Therefore I do not see why we have to import them at this time. That depends on trade, we are told. We have to trade. We have to buy and sell—but not always at the expense of the farmer. I am in favour of export. If we export asbestos, fine. I have no objection to that. However, we should not do so at the expense of the farmer. Why do we have to import eggs at a time when we are exporting meat? It is disastrous. Our farmers have made an effort in the provinces. The province of Ontario is able to speak for itself, and I know that this province is even ahead of Quebec as far as the organization of production is concerned. I am referring to the Marketing Board. Quebec is now getting organized. We have numerous joint plans or Marketing Boards, but they have no effect whatsoever, precisely because of the imported products which completely destroy the effects. Therefore, egg producers in Quebec set their own quotas this year. They produce only about 60 per cent of the requirements for Quebec consumption, so there is room for the other provinces on the market. At the present time, they are producing eggs because they have set their own production quotas to meet the requirements of the market. There has been no increase in quotas from last year. Returns from production have increased by almost 8 per cent, but that is due to the fact that there has been less disease amongst the flocks this year than last year. So although there has been no increase in disease to account for it, a disastrous state of affairs exists at present in the industry.

Last evening I was visiting a place quite close to Quebec, and I am going to tell you the impressions of a good farmer representing southern Quebec who told me: "Egg and poultry producers are falling like ninepins at the present time." These are the words of a responsible person elected by a region and representing that entire region. That situation is created not by the producers, nor by any lack of effort on their part, but by other problems such as the Kennedy Round, GATT and so on. In trade the end justifies the means, but meanwhile the farmer is going under. We know that this is happening. He is being ruined because of GATT, because of

trade, because of the Kennedy Round, and because of sheer negligence.

You will say: these producers have only to produce something else. At the present time, there are enough producers: with regard to eggs, the situation is disastrous, and likewise with potatoes. At the present time, disastrous situations abound in the field of fruit and vegetables too.

So the State should make up its mind that we have no further need for producers, and if it does so, it will have to channel them towards another form of production. I am not a pessimist. I am a realist. I am not concerned with the problems of my grandfather's day, but with those of today; not with the problems of six months ago, or with those of last year. That is the situation as it stands today, and if you want to go to the trouble of doing so, you may check it.

(English)

**The Chairman:** Thank you, Mr. Sorel.

We will now hear from Mr. Munro, the President of the Ontario Federation of Agriculture.

**Mr. Charles Munro (President, Ontario Federation of Agriculture, Embro, Ontario):** Mr. Chairman and gentlemen, it is a privilege and a pleasure to be here with you this morning as part of the March Committee and President of the Ontario Federation of Agriculture.

In summation of the problem as we see it in Ontario—and I think this is applicable well beyond the boundaries of Ontario, as Mr. Sorel has so well expressed it—certainly our problem grows out of a lack of income in the agricultural industry. Contrary to the belief of many people in Canada, it is not just the farmers who are at a disadvantage or the farmers who are not going to make it, as the coined phrase goes, who are in trouble. Many of our better farmers are experiencing a lack of income and a great concern for the future of the industry.

When it came to our attention at the end of March that a new dairy policy would come into being on April 1 in Canada, this was the spark that ignited the organizations that are represented here and which led us to seek a meeting with the Minister of Agriculture on these problems. We were told at the meeting held on April 7, to our dismay, that we had not made any proposals on behalf of agricul-



ture and that all we had done was ask for more and more money. This seemed to us a bit ridiculous because through the years the two national farm organizations in Canada, the National Farmers Union and the Canadian Federation of Agriculture, had both presented very similar requests to the federal government respecting what they considered to be the problems of the industry and the sharp problem areas in particular were brought to the attention of the government.

We were dismayed at the lack of action, understanding and willingness, after adequate presentation, to act or even counsel upon, the requests that were made. Take a look at the requests that have been made. Many of them must be familiar to you. We made definite requests on bankruptcy, the results of which took a long time to come into being. We asked for changes in dairy policy—and we are still asking for changes in the new dairy policy—and I do not know if we will get them or not. If we do not get them a lot of the best producers in my part of the country are going to be in serious difficulty. We have asked for a long range sugar policy. We have asked for more consideration on our manpower requirements. We finally got our eastern livestock feed agency in operation but we are still waiting to see the results of our other requests.

We have had problems in trade. In the province of Ontario we have established marketing boards and they are doing a reasonably effective job within that province. Certainly when a product moves in or out of the province it becomes a national problem. It is no longer a provincial problem. The farmers of Ontario can only market their produce efficiently within that provincial sphere. They cannot counteract the problems that either come into the province from the rest of Canada or go out from the province to the rest of Canada. We are asking that there be national consideration given to marketing boards and commodity agreements that will result in a better marketing structure. We have to look beyond that because we know full well that when we move into the international area of farm products we are going to be very greatly influenced by the small quantity in many instances of those products that must of necessity go into export or the small importation into Canada that could disrupt our market.

We have made these many requests and we are disturbed over the lack of action and

understanding which has resulted. We are here this morning in the hope that we will get your ear and receive your understanding so that you will bring to the attention of the government the need for a broader understanding of the problems of agriculture. Thank you, Mr. Chairman.

**The Chairman:** Thank you, Mr. Munro. We have now heard from the main spokesmen for the different groups.

Mr. Clermont, do you have a question?

*(Translation)*

**Mr. Clermont:** Mr. Chairman, Mr. Munro mentioned that nothing had been done about bankruptcies. What does he mean by that?

*(English)*

**The Chairman:** I do not believe he said that. He said they had pressed for it for a long time but there was action. Is that not what you said?

**Mr. Munro:** Yes, that is what I said.

*(Translation)*

**Mr. Clermont:** Later on you mentioned sugar beet. Wasn't a support price recently granted for sugar beet?

*(English)*

**Mr. Munro:** Yes, there was a special price brought in by an eleventh hour announcement, but as far as we in southwestern Ontario were concerned this was only done when it appeared that the industry was almost lost. But what is the situation for next year? We are asking for a long term understanding on sugar policy and we do not think an ad hoc, year to year announcement at the last minute is good enough. We are asking for longer term planning for agriculture and without it I am not sure you would want an agricultural industry in Canada.

*(Translation)*

**Mr. Clermont:** You said that recently you saw imported potatoes on sale in Montreal. What country were they from?

• (10.09 a.m.)

**Mr. Sorel:** I have no way of finding out.

**Mr. Clermont:** Do they come from a foreign country, or another province such as the Maritimes?

**Mr. Sorel:** From a foreign country. The Maritimes have no potatoes on the market at present.



**Mr. Clermont:** Then, how can foreign potatoes be competing with Canadian potatoes at the present time when we have a surplus, Mr. Sorel?

**Mr. Sorel:** I did not say that. I said that I could not understand how it is that, when the Canadian Government is obliged to pay to have Grade One potatoes destroyed, we have to import potatoes.

**Mr. Clermont:** I know you have seen imported potatoes, but which country are they from? You must know from which country we import potatoes. Do we import them from the United States or elsewhere?

**Mr. Sorel:** I simply checked that there were some. I did not enquire from whom they had been purchased, and I did not ask for the number of the truck which had delivered them.

**Mr. Clermont:** That is not the point, Mr. Sorel. You stated that we had imported potatoes. That is a vague statement. Are you also aware, Mr. Sorel, that Canada exported more potatoes to the United States this year than last, almost twice as many, in fact?

**Mr. Sorel:** I am not against importing at the right time. But I do not see why we should import potatoes at a time when we have a surplus and are obliged to destroy them. That is my objection.

**Mr. Clermont:** You say that we have imported potatoes, but you cannot tell me from which country. You say that you do not have the organization or—

**Mr. Sorel:** You can check it for yourself, Mr. Clermont. They have them in all Montreal stores, even in the smallest streets. There are some on sale in Quebec too. I have checked even in Quebec and, if you want to do so, it is very easy. It isn't a question of trying to find a needle in a haystack.

**Mr. Clermont:** I would not like there to be any misunderstanding, Mr. Sorel. Four people have already spoken about agricultural problems and suggested that matters ought to be solved by discussion. You say you came here to give information to the Members of Parliament so that they could better perform their duties as people's representatives. I questioned you, and you told me that there were imported potatoes on the Canadian market. I am simply asking you where they come from. I am not trying to embarrass you. We

are interested to know which country they come from.

**Mr. Sorel:** I cannot tell you which country they come from, but I did see imported potatoes.

**Mr. Clermont:** You said also that following the Kennedy Round talks we are obliged to import and export. You probably know that recently we secured the right to double our cheese exports of ripened Cheddar on the American market. You say that the blame is always laid on surplus stocks but, following the Kennedy Round, Canada has to import and export. I would like you to tell us what procedure the Government should adopt in order to close its doors to imports, yet at the same time open doors for the outward flow of surplus products. For example, I know that this year, quantities of potatoes exported to the United States have doubled.

I know that, recently, the Canadian Government successfully negotiated with the American authorities to double its exports of ripened Cheddar. That is another example.

We know that farmers in the West approve of export because, otherwise, if they could not export wheat, the Canadian market would not absorb production.

So I would like you to tell us how the Canadian Government could set about closing its doors at certain times and opening them at others so as to export its surplus products. I am not asking this question to embarrass you.

• (10.40 a.m.)

**Mr. Sorel:** I do not think it is our job to tell you what means to employ and when to import. Our job is to tell you what is wrong.

I believe that the Canadian Government is in a much better position than we are to remove this wrong, or decide that agriculture should go out of existence, one or the other. We inform the Government of the problems, which have repercussions on commerce and trade, and it lies with the Canadian Government to take the necessary steps to give farmers a good living, instead of keeping them in their present situation. I can tell you what is wrong, but as for the means to remedy it, I think it is the State's responsibility to find them.

**Mr. Clermont:** You have no suggestions to offer which would allow us to close our doors to imports at certain periods of the year whilst at the same time allowing us to negoti-

ate with foreign countries for them to receive our agricultural surpluses? I am referring only to agricultural, not industrial, surpluses, for we do have large industrial surpluses also. You are telling us about the problems of Canadian agricultural surpluses, but can you not offer us some solutions?

**Mr. Sorel:** I have just been reading in an official document (I don't have it with me) that our fruit and vegetable imports are twice as high as our exports.

**Mr. Clermont:** Which document are you referring to, Mr. Sorel?

(English)

**The Chairman:** Mr. Munro also wishes to make a comment.

**Mr. Munro:** There is the well known case where, under the barter agreement, we in Canada bought our cheese from New Zealand for the sale of outboard motors to the Caribbean area, which caused no great amount of concern in the agricultural industry.

**Mr. Lefebvre:** You say we exported outboard motors. What did they bring to us?

**Mr. Munro:** They brought cheese from New Zealand.

**Mr. Clermont:** To Canada?

**Mr. Munro:** Yes, to Canada.

**Mr. Clermont:** In what quantity, Mr. Munro?

**Mr. Munro:** We do not know the exact quantity.

**Mr. Clermont:** Thank you.

**The Chairman:** Mr. Sorel, as Chairman, I would like to interject one question, if I may. Do you suggest that instead of tariffs we have import permits for agricultural products as they have in some countries? In the United States—which makes itself out to be a great free trading nation but they are really not so free trading—they have complete embargoes and they only let the imports in by permit. Do you suggest something like that?

**Mr. Sorel:** Surely it would be much better to have permits. At the moment we need them and the United States needs them. With permits they can import some of these products instead of having to leave it open and let the trade do it. In this way the trade can

buy outside the country with the intention of dropping the price.

**The Chairman:** I would like to correct the erroneous reporting carried on the national CBC television on the recent Kennedy Round of Tariffs. You can imagine the number of telephone calls I received when it was stated that cucumbers and cabbages were coming into Canada free. It has not changed at all. There is still an *ad valorem* duty when they are in production in Canada. It remains the same as it always was. They come in free when they are not in production in Canada. It has not changed one iota. However, everybody in Canada thinks it has changed. You can imagine the reaction of the cucumber and cabbage producers and the effect that had on the over-worked MP for Essex South!

• (10.16 a.m.)

(Translation)

**Mr. Gauthier:** My question is again for Mr. Sorel. Mr. Sorel is here to protest on behalf of Quebec farmers, and I agree with him. He also says that the Government is not fulfilling its duties and that, often, the Members of Parliament for Quebec are asleep on the job instead of working for Quebec farmers. Today, Mr. Sorel, we are having a discussion, and discussions mean conflict. I think, and I have to admit, that the trouble today is, to some extent, due to the Government, but have you asked yourselves whether it might not also be the fault of the farmers, the U.C.C. organizations and farm agencies generally? What we are interested in today is marketing, not for two or three months of the year, but for twelve months a year.

When I studied the history of the Canadian Wheat Board, Mr. Sorel, I realized that what I might call the triumph of the Canadian Wheat Board is primarily due to the efforts put forward by the farmers and their unions in the West who agreed on their requirements and combined forces in order to discuss their needs with the Government. The Government is not there to impose its will but to provide assistance. I have talked with Mr. Bouchard and the people from the Chaîne coopérative du Saguenay, (Saguenay cooperatives), la Fédérée and the U.C.C. They admit that there is not sufficient co-operation between these three organizations in our regions. They are doing parallel work but have not succeeded in finding any common ground upon which to present a concrete project to the federal authorities.



Mr. Clermont was right, to some extent, when he said a short while ago that the Government was there to support projects and assist in marketing arrangements. It is the representatives of farming organizations in Quebec who are familiar with the requirements of the region and especially with the production.

Outlets should be found for what is produced; it should not be left to rot. I know farmers who are going to lose over 800 sacks of potatoes for which they have no sale. Although they are offering them at only 60 cents a sack, they are not selling. I am not prepared to state that the Government and Members of Parliament are entirely responsible for this situation because, in my opinion, our organizations should have put forward concrete plans.

If the people in the West were able to get assistance from the Federal Government for the construction of elevators to guarantee a continuous market, in my opinion the Quebec organizations are capable of making a combined effort and presenting uniform requests for the whole province of Quebec for the establishment of permanent marketing arrangements for potatoes, vegetables, and all the other products of Quebec.

• (10.21 a.m.)

Therefore, I would ask Mr. Sorel whether, in all sincerity, he believes that there is sufficient coordination in the efforts of the Quebec organizations for them to come here and submit something concrete to the Government so that we too can force the hand of the Minister and oblige him to find a sale for Quebec products, which will thus be available twelve months a year. And, in my opinion, that is the important point.

In the fall, for instance, we sell potatoes for next to nothing because we have no refrigerated warehouses. We do not have year-round marketing and I feel that organizations in Quebec should make every effort to obtain it.

The same should apply in the case of milk. I have studied from the outset the difficulties which we are experiencing in the case of milk, and I notice that although in some regions the current price may be suitable, in ours it would not be at all suitable. It is absolutely essential that your organizations study each regional plan so as to submit to the Government something which will stand up to scrutiny. We notice, for example, as I

am told, that although they are all members of the U.C.C., where milk is concerned, people from the Montreal area are in a better position than those in the Saguenay-Lac Saint-Jean area. Mr. Sorel will not contradict me on that. There is a difference of 35 to 40 cents a hundredweight because of transport costs, etc., and even because of the contacts between certain groups of the U.C.C., I believe.

I would therefore ask Mr. Sorel, without going any further and taking up any more time, whether, in all sincerity, he does not detect any weakness in the system. If he finds that failings do exist, he will say that it is up to the Government to correct them. It is easy to say that the Government should correct them, but are the Quebec unions making a genuine effort to serve the farmers' interests not only in order to preserve these organizations but also to try to expand them? Those organizations should be working for the small producer. I would ask Mr. Sorel whether, in all sincerity, worthwhile efforts, and I might even say final efforts, are made at the level of the Quebec organizations?

**Mr. Sorel:** Mr. Gauthier, the question of marketing products on a year-round basis gives rise to no problems where grain is concerned. There are means for storing grain all year long. But, for a good many products, such is not the case. I find it difficult to visualize Quebec arranging to put strawberries or anything else on the market twelve months a year.

**Mr. Gauthier:** Large items, such as potatoes, can be preserved very easily.

**Mr. Sorel:** When we come to the problem of eggs, I do not think the consumer is going to agree to eat eggs which have been stored for several months and have consequently deteriorated. That is the first point I wanted to make.

Now, we still seem to be making requests. Mr. Munro gave an inventory a short while ago of requests already submitted. We have already submitted requests via the Canadian Federation of Agriculture. We have submitted our viewpoint every year, so I do not know whether we should reprint the opinions we have already expressed with regard to other fields, i.e., those mentioned by Mr. Munro. In all cases, that has been done and is still done regularly each year.

Let us now turn to the lack of organization amongst the farmers. It is an easy thing to



say when we are on the outside. For my part, I feel that it is perhaps the Members of Parliament who are badly organized. I may think that such is the case, for I am not too familiar with parliamentary procedure. I do not know how Parliament is organized but I observe it from a distance, so it is quite easy for me to make such a statement.

All the same, the farmers have certainly made an effort when you think that every year, 53,000 farmers take out union membership. Farmers have no lessons to take from anyone. They have the highest percentage of union members, with the exception of the closed professions in which membership is compulsory. I mean the liberal professions whose members are compelled to join before they can exercise their profession. Our union has a higher percentage of membership than any other labour union. That must be said. And our farmers would not pay their union dues if it were true that we are achieving nothing and not doing our share. But they do pay, and they pay voluntarily. Their dues are not deducted at source. Fifty-three thousand members pay their union dues regularly each year because, when all is said and done, they are quite satisfied with the work done in the Union. They would not voluntarily pay their union dues if the Union was doing nothing or was badly organized. So, although it may appear poorly organized in the eyes of other persons, from the outside, let the farmers judge it for themselves. We can rely on their judgment because over the past five years our membership has exactly doubled. Yes, during the past five years, our membership has doubled in the province of Quebec.

On the matter of joint plans, our members have agreed to make deductions at source to cover administrative costs. I do not want to shock you but I must tell you that our members contribute in this way towards the administrative costs of their joint plans. The decision to do so was made by vote, and this happened every time the issue of adopting a joint plan arose. This is how they agreed on the plans. And the deduction at source was mentioned on their ballot-paper as follows: "If you vote in favour, it is going to cost you so much a cord on your wood; if you vote in favour, it is going to cost you so much on a hundredweight of milk." It appears on the ballot-paper and is the subject of the vote. The farmers voted, and not a single plan received less than 95 per cent support in the province of Quebec.

To say that farmers do not want the plans and that the farmers are poorly organized, is most unfair. I think that people can no longer say that farmers are not united or that they are not working for what they want, when you consider that 95 per cent of their union members vote in favour of a plan although the wording on the ballot-paper also states that: "It is going to cost you 3½ cents on 100 lbs. of milk if you vote in favour." If a plan is put into force it is because they have decided that it should be. Still, it is a shame that these plans are nullified by other factors which are beyond their control.

In the case of eggs, I believe the farmers have agreed to half a cent a dozen. "If you vote in favour of the plan you will be required to make a half-cent contribution. Do you agree to this or not? Mark your ballot and return it by mail". The farmers made their decision. So, we know that they have confidence in their organization. When people have confidence in an organization, it can be maintained for a short while without accomplishing anything, but farmers are not blind. Indeed, if they pay dues to their organization, it is because it is doing something for them. And I assure you, we have doubled our membership over the past five years. Union dues are fixed at \$10. Union members vote on the adoption of joint plans, and at least 75 joint plans have been established in the province of Quebec.

**Mr. Gauthier:** Mr. Sorel, may I interrupt, please. When you say that farmers have done everything they could, I am in complete agreement with you.

I was not referring directly to the farmer, I was speaking of those in charge of the organizations in which farmers put their trust. They still have confidence in them, as they have doubled their strength. But it is not everything to have members for, after all, you have to give them something in return for their support. And I am still wondering why you have made no effort in this direction, you and all the combined farm organizations and even La Fédérée.

The president of la Fédérée told me that there was a lack of unity between the C.C.S. (Saguenay Cooperatives), the Fédérée and the U.C.C. and that there was not sufficient contact between these organizations. The president of two other organizations also told me the same thing. I am not attacking the farmers; I am attacking the administration in

general. Nor am I attacking you. I am merely making a suggestion to find out how it is that you have not succeeded in putting forward some plans, at least for the provision of the refrigerated warehouses required by the farmers in our areas who are crying out for them. We have no refrigerated warehouses, and we do not feel that those in charge of the unions are making any efforts to submit proposals to the Government, as was done in the case of providing elevators for the West. That is why I would like to know from you whether it was failure on the part of the Government to take action, or lack of unity between the three organizations in bringing pressure to bear on the Government?

*English)*

(10.31 a.m.)

**Mr. Munro:** Mr. Chairman, I am wondering how many farmers the questioner would recommend we bring to Ottawa to show him that we have our farm organizations behind us. I hope we do not have to go through this exercise again but I have been told by many people that if we do there will be two, three or four times as many people involved. I know it is not your wish that we go through this again.

We have made our representations and outlined a number of requests here. The farmers in western Canada had a terrific fight to get the Wheat Board established in Canada. We are asking that a similar organization be established in respect of other commodities in Canada, and to this end we ask your assistance.

*Translation)*

**Mr. Gauthier:** Yes, I agree with you on that. However, I would like to ask Mr. Sorel whether, in his view, every possible effort has been made, at the farm level, by the organizations concerned in Quebec. Can you tell me?

**Mr. Sorel:** Mr. Gauthier, you say that no efforts have been made. I could give you specific concrete examples, proving the contrary. At St-Arsène, on the lower St. Lawrence, this spring a potato-producers' cooperative stored 30,000 sacks of potatoes for distribution during the winter. But since there is a marketing problem and because there is a surplus, they have been unable to distribute their 30,000 sacks of potatoes. Eighty per cent of those people are members of the U.C.C. and of their cooperative. It is unfair to claim

that they are not working together when 80 per cent of them are members of the U.C.C. and are also building a warehouse together, to hold 30,000 sacks of potatoes. If these people are facing such a situation this year, then in my opinion, the neighbouring parish is not going to build itself a warehouse next year.

I can quote you another example. At St-Jérôme, in the county of Terrebonne this spring, no buyer could be found for about 20 tons of strawberries which had been frozen and stored, because strawberries are being imported from Holland and elsewhere. So we ate jam all winter, although there are still 20 tons in storage there. This spring, the farmers came to us to ask what they should do. Again, eighty per cent of those same producers are members of the U.C.C. They built themselves a warehouse equipped with a refrigeration system but, because of other factors, they have encountered difficulties—and it is not because we produce too many strawberries. We produce scarcely 20 per cent of the strawberries we need. So why have they suffered a setback? Because, during the course of the year, everybody stopped eating strawberry jam and strawberries. But I do not think that that is where the problem lies. So, they kept their strawberries this spring, although harvest-time was approaching. The farmers had undertaken to keep them, or be liable to set fines, or payment of so much money on the crates they sold outside their depot. When spring came, the depot was still full, and harvest time was drawing near. I do not believe that many more warehouses will be built, if that is the success they are going to have. Why? To be exact, because of trade and other factors.

Neither we, here in the East, in the province of Quebec, nor the farmers in Ontario, produce the quantity of strawberries needed for the market. So, where does the problem arise? How does it come about that we meet with deficits and problems of this nature? What encouragement, then, shall we give to farmers who are going to pool contributions of \$100, \$200 or \$500 for the construction of a warehouse for strawberries and how many people are going to bind themselves by contract to pay a fine each time they sell strawberries outside, so as to make quite certain that they will be stored?

The farmers actually did this, so after that, why say that they do not want to help themselves? I tell you, they kept to their contract and never paid a fine. For my part, I went in



person to buy strawberries and the farmers told me: "Listen, I can't sell you any because I shall be fined. I am under contract." The strawberries will be stored. They conceived the warehouse with this in mind. They did everything but, unfortunately, other factors completely wiped out the efforts made by the farmers to introduce an organized and community-run marketing system.

Is it logical to make farmers grow strawberries and have them promise: "I undertake to pay the fine of so much a crate", to make them sign a contract drawn up in due form to this effect and make them pool their money for the construction of a storage depot, when we know that all that work is wasted in the end? So don't say that the farmers are not helping themselves.

And I could quote you similar specific instances in your own province, and even in your area of Lac Saint-Jean. I am not making unfounded statements; I am quoting facts. I am referring to the St-Jérôme Cooperative and that of St-Arsène on the lower St. Lawrence. The farmers in these areas have built storage depots. They have done their utmost to achieve this goal. They agreed to pool their funds and resigned themselves to doing so. They did this in order to have strawberries and potatoes available all winter—and look at the result this spring!

• (10.36 a.m.)

(English)

**The Chairman:** I would suggest that the questions be a little briefer; they may elicit shorter answers. There are many here who wish to express opinions and ask questions. Mr. Gauthier, would you briefly sum up.

(Translation)

**Mr. Gauthier:** May I speak for a few moments. I would like to thank Mr. Sorel. I spoke to him a little harshly so that he would give us his real opinions. I now know what I wanted to know—namely, whether in some of our regions we have not altogether given the farmers what they want. Mr. Sorel has thrown some light on this matter. I think, and my opinion is shared by Mr. Sorel, that the Minister responsible for distributing Quebec products and wheat, spends a lot of time (I would not say too much) dealing with wheat sales, but he should pay a little more attention to the products of Quebec in order to give fair treatment to all the provinces.

(English)

**The Chairman:** Mr. Powers wants to make a comment on some of the statements that Mr. Gauthier made.

**Mr. Powers:** I just have one particular point in mind. You raised the question of whether or not Mr. Sorel agreed on the need for twelve months marketing, using as an example the Canadian Wheat Board. I think you used a very good example. Sometimes I am very concerned about the emphasis put on marketing by some people without realizing what we really need in the field of marketing and many times in the past well-intentioned people in the provinces have gone out to promote provincial marketing boards as the answer to all our problems. Marketing is one half of the pricing problem, perhaps the greater half, and there is no question about this as far as farmers are concerned. However, we are only fooling ourselves by promoting a provincial marketing board for a commodity that is produced in almost every province in Canada or in more provinces than one; we are still only fooling ourselves when we think a national marketing board is going to solve all our problems unless we can get co-operation for imports. I am not talking about stopping imports because you can set up the best procedure in the world for marketing wheat or anything else. The secret of the Canadian Wheat Board is that the coarse grains that it handles come into this country only by permit, so the imports can be regulated. Our problem today, in many cases, is not the amount of imports but the time that they come into the country. We can go ahead and set up the kind of marketing that is needed by the farmers and the government should cooperate and work to this end, but we require assistance to control the product coming into the country. We also must remember that within bounds, we have to control the production of the product in Canada. There is no use producing a million pounds of milk per farmer if 800,000 pounds is all you are going to be able to get rid of. So the amount of product in the country, either produced domestically or imported, needs to be regulated.

**Mr. Peters:** Mr. Chairman, as we have only this one meeting, I hope that we do not go into the broad field in which we seem to be going.

I think maybe it has to be but it certainly is not going to serve any purpose if we do it today. I am of the opinion that the farmers



have not been brought in close enough and certainly the remarks made by Mr. Sorel indicate that they are not aware of some of the changes that have been made. Certainly Members of Parliament are not aware of these changes either as far as that is concerned. I am sure that the farmers are going to have to re-think some of their production in terms of the changes that have been made by GATT and the Kennedy Round and I would like to ask if the government or its agencies have consulted with farmers or asked for a meeting to inform them of the effects these various arrangements are going to have on their production. I am not familiar with any of the specifics that may take place. I wonder whether the farmers are aware of them.

**Mr. Powers:** From my viewpoint, if they are, they are better informed than we are. We have had no consultations at any time with the government. In fact we, in my district, have very little knowledge of what went on.

**Mr. Walter Miller (2nd Vice President, Ontario Farmers' Union):** I think in all fairness we should point out that the representatives of the NFU were in Geneva at the time of these discussions. Roy Atkinson was there but whether or not there was consultation—

**The Chairman:** That was on cereal grains; is that right?

**Mr. Miller:** That is right.

**Mr. Peters:** It seems to me that this Committee should give some consideration to a recommendation to the government that senior officials of the Department of Agriculture meet with farm organizations immediately to indicate the spheres in which these current arrangements upset what would be considered traditional patterns of marketing, whether to our advantage or not. Some of them must be to our advantage and some of them must be to our disadvantage. Perhaps this Committee should give some consideration to a recommendation for the immediate establishment of a liaison committee to allay some of the fears expressed. Potatoes and strawberries were mentioned and I am sure the Chairman has talked about corn, tomatoes, cucumbers and some hothouse vegetables, and from his area particularly we hear from two or three major hothouse producers that are probably going to be out of business. There is a possibility that they could be totally out of business. The farmers should be told this. I

wonder if the Committee would want to give some consideration to this particular aspect of recommending to the government that a kind of study or information group be established. It is true that Atkinson was in Geneva with respect to wheat and I think it is safe to say that Mr. Jorgenson and some of the members from Western Canada are probably pretty well aware of what effect the changes are going to have on wheat production and perhaps on coarse grains. I am just wondering if anyone is aware of what the changes are going to be in other fields. I do not think the Members of Parliament are aware of what they will be.

**The Chairman:** Before I give the floor to Mr. Munro, I want to say that I know representatives of most of the western grain producers were in Ottawa last week for a briefing session on what has actually taken place as far as the future grain markets in the world are concerned following the Kennedy Round tariff meetings. They had a meeting with the Minister and Departmental officials. One of the Departmental officials told me that they were going to double check to make sure that all farm organizations received copies of the Kennedy Round of tariff agreements and all the documentation that we received. They are hoping to follow this up with a meeting with the farm people. I do now know if they have contacted them about this or not, but it has been suggested.

**Mr. Munro:** Mr. Chairman and gentlemen, I am not aware right up to the moment of what happened at the Canadian Federation, of which two of the organizations represented here are member bodies. But we are having our semi-annual meeting in late July in Montreal and we know that this is on the agenda. We in farm organizations in Canada have felt that the lack of consultation with the federal government and senior officials of the Department of Agriculture has been one of our major problems and we mentioned this in the brief we presented the day of the march. We feel this is a need and we have expressed it.

**Mr. Peters:** I think the Committee might be well advised to insist that the government do this because it seems that the discussions raised by my colleague here are in specifics that I am sure have changed and of which we are not aware. I do not know what arrangements we have made as far as strawberries are concerned. This is specific and should be discussed and the farm organizations should

be totally familiar with what we have decided to do. There are import-export arrangements they do not know about. The farmers should not come here to ask this Committee for this type of assistance or advice because we are in no position to give it. It should be done through consultation between the government and the senior officials of the Department of Agriculture.

**The Chairman:** You say we are in no position to give advice, but we are in a position to recommend that it be made available to them.

**Mr. Peters:** This is what I am suggesting we do. I would like to change my line of questioning again because I think that is a pretty fundamental over-all recommendation that we should make. I am always surprised when I hear farmers say they do not know what effects certain changes are going to have. They should be told.

The march that was made a few weeks ago involved a presentation on behalf of milk producers, and specifically manufacturing milk producers, who wanted \$5.10 a hundred for their product. At the time, the government said this was not possible but since then has a program into effect which has been in operation now for some time. I would like to ask what effect this increased price has had on the manufacturing plants that are purchasing this milk at a price considerably higher than that which they were paying a year ago?

**Mr. Munro:** Mr. Chairman, there is no effect. I do not think there have been any subsidy cheques as a result of the new paying policy yet.

**Mr. Peters:** No, but—

**Mr. Munro:** The plant does not pay any more.

**The Chairman:** You mean there have been no government cheques issued?

**Mr. Munro:** There have been no government cheques issued and the plant does not pay any more in any event.

**Mr. Peters:** Originally my cheese factories were paying \$3.20; and a year ago, in some cases, they were paying less than \$3. Now they are paying \$3.75.

I do not know about other areas, but in my area they are paying \$3.75. What effect has this had?

**The Chairman:** Does anyone care to comment on this?

**Mr. Powers:** This \$3.75, Mr. Peters, would be a voluntary price on the part of your cheese factory because the minimum price set by the Ontario Milk Marketing Board is \$3.54. So apparently your cheese factory is not in dire circumstances if it is paying 21 cents above the minimum price. I do not see that this will create any hardship on the part of cheese factories because each time the minimum price has been raised the price of cheese has been raised.

**Mr. Peters:** The point I make is that if it can be raised, then this defeats the argument of the government that the price of cheese to the consumer will not warrant the price of \$5.10 being paid to the farmer. They have gone some way toward this so obviously there must be an effect. Has it curtailed the quantity of cheese being sold?

**The Chairman:** Does anyone care to comment on what Mr. Peters said?

**Mr. Peters:** The point I am trying to make is that we have made a change part way. The government now are paying \$4.75 for manufactured milk. Obviously this was not the price a year ago. What has been the effect of this on the amount of cheese or commodities available? Maybe the best way to ask the question would be this: is the farmer still selling the same volume of milk as he was selling a year ago?

**Mr. Powers:** I cannot separate them for you, Mr. Peters, but the total volume of milk for the first five months of this year was down. I do not know the June figures but the total volume for the first five months was down.

Something tells me, from the figures that I have read, that cheese consumption, at least up until the end of last year, was still rising in Canada. We do not seem to be having any trouble with our export market, but butter consumption is down per capita this year. Production is still dropping, but consumption is down as well.

**Mr. Peters:** Mr. Chairman, if I were working in a mine and I asked for more money than the product could carry, obviously there would be an effect and the plant would eventually close down. The same is true of milk. If you increased the price to, say, \$10 a hundred, it would have some effect. What is the effect? If you are going to make an argument



for increasing it, additionally you should be able to indicate what the effect of the increase that has already taken place has been.

**Mr. R. A. Hergott (Manager, Ontario Federation of Agriculture):** Mr. Chairman, I think there is a point of confusion here between what in fact the plant pays and the government subsidy. The government subsidy in no way affects the price of the end product.

**Mr. Peters:** I agree.

**Mr. Hergott:** You see? So that it is only in Ontario, where the Ontario Milk Marketing Board has said that no one can pay less than \$3.54 for manufacturing milk. Now that does affect the price of the product and the fact that it moves and the prices you quote. It is difficult with cheese because I know last year there were cheese plants in southern Ontario that were paying as much as \$3.65 with a much lower minimum price.

The situation that exists, I suggest, is only that there is a supply and demand situation which forces the cheese factory in your area to pay \$3.75 to get milk. That is strictly within the plant's own operations. They are not forced to pay this, and I expect they will be, in fact, competing with plants that will be paying only \$3.54 for milk.

**Mr. Peters:** Are you suggesting, then, that the only question involved in the \$5.10 rather than \$4.75 is an additional 35 cents government subsidy?

**Mr. Hergott:** Precisely.

**Mr. Powers:** As we see it, or as some of us see it, there was a period of about 12 to 15 years in which we had a surplus of dairy products in Canada and in which the price remained almost static. If you look back to the early 1950s, you will see that there was very little change in price up until 1963. We feel that over the long haul you can gradually keep increasing the price of dairy products, and providing the cost does not get out of line, you may be able to decrease the subsidy. But if costs keep increasing you may not be able to decrease the subsidy. You may have to increase the price to keep it in line. But any sudden increase in the price of dairy products, as in the price of anything else, would upset consumption very badly. We are a little concerned right now with the decrease in the consumption of butter.

I think your question really relates back to this: are the farmers in Canada satisfied to get more money for 75 per cent of the present

consumption? Is that what you are trying to establish?

**Mr. Peters:** Well, you have asked for more money and somebody is going to have to pay it. If it is coming directly from subsidy it is still going to have an effect, depending on how the government does it. You are going to develop a surplus because the government, in the end, if it is under the Stabilization Board, is going to have to sell the product. If it accumulates in surpluses as it did before, then obviously—

**Mr. Powers:** I would remind you, though, that the new quota policy is designed to induce enough production to supply our domestic and export needs. It is not designed to encourage surplus production. This is one of the things that we never had before.

**Mr. Peters:** I have another question I would like to ask. What has been the effect, then, of the federal manufacturing quotas on the production?

**Mr. Powers:** It has not all been good. For one thing it has certainly decreased the price of milk cows in most parts of Ontario. It has eliminated the demand.

It has created a considerable amount of hardship because in the original instance it was pretty rigid and, in fact, I think it is still a little too rigid. Many younger people who were expanding in an effort to keep on top are now in a position where a large portion of their milk will be selling for gross returns of \$3.42, or \$3.43, in fact. This certainly is an uneconomic price.

Apart from this, for the people who had a unit built up that was large enough to carry them through, I think the quota policy in itself is good. The other aspect of it which other people quarrel with, and which I agree with, is this business of not letting completely new producers in this year at all, and of moving them in in another year on a basis of need. That is, the need for more milk.

**Mr. Peters:** Last year surplus milk from fluid producers in the manufactured field was subsidized as well. This year it is not. What effect does this surplus milk have on the over-all picture?

**Mr. Powers:** Well, the effect of saving the federal government a few million dollars. But it has had no effect on the market because the surplus fluid milk is still there. It is still going on the manufactured market to be processed into milk, butter or cheese. The only effect



was to save some money because the cows were there to start with.

**The Chairman:** Mr. Munro would like to make a comment.

**Mr. Munro:** In my area we have tremendous numbers of producers who have not been able to increase for years and years their quota in the fluid market, and with the economies and the changes in technology they had to move up their production. This is not surplus to them. The industrial portion of their shipments is a very, very valid portion of their income. It is just as much an important part of their income as to the straight industrial producer. I happen to be one of them myself, and my receiver of milk desperately wants that industrial portion because it is more important to him than these fluid sales as he happens to make it into cottage cheese and other products. We cannot get under this subsidy program at all whether we ship 20 per cent or 30 per cent of our milk at fluid price. We have many, many producers, excellent producers, putting up excellent products.

**Mr. Peters:** What effect does this have on your income?

**Mr. Munro:** It has dropped very drastically—very drastically. My own income this year has been down between \$4,000 and \$5,000 over last year as a result.

**Mr. Lefebvre:** Mr. Chairman, may I ask a supplementary question?

**The Chairman:** Mr. Munro, have you finished your statement? Mr. Lefebvre would like to ask a supplementary question.

**Mr. Lefebvre:** About this question of surplus fluid milk about which you were just speaking, there seems to be a little quarrel between the provincial ministers of agriculture and the federal Minister of Agriculture and probably your organization as well on this very point. The quotas for fluid milk producers are under provincial jurisdiction, I believe. Is this correct?

**Mr. Munro:** Yes. They are under the Marketing Board. But this Marketing Board in my province of Ontario has not yet had time to get its feet under it to properly bring it into being.

**Mr. Lefebvre:** The quotas are under provincial jurisdiction through the Marketing

Board, we might say, and the standards are also under provincial jurisdiction?

**Mr. Munro:** Yes.

**Mr. Lefebvre:** The prices are under provincial jurisdiction. I believe the provinces accepted voluntarily that the federal government was to look after the industrial milk producers and they would look after the fluid milk producers.

**Mr. Munro:** I think maybe this is a gross understatement in that there is a quarrel going on between provincial ministers and the federal minister on this point. But, the thing I disagree with is that we are caught in the middle.

**Mr. Lefebvre:** This is what I am coming to. From the statements we have seen in the newspapers there seems to be a quarrel about this going on in the province of Quebec. But, do you think, sir—you are an expert in this field and I am not and I am trying to get more knowledge on this subject—that it would be better if the fluid milk producers were given higher quotas by the dairies? I understand there are some who have only 30 or 40 per cent of their production.

Would it be possible to allow the other fellows to go into industrial milk 100 per cent, so there would be less fluid milk surplus?

**Mr. Munro:** Except that some of our farms have been on this system for 40 or 50 years and these so called surplus shipments are not surplus at all; they are a valid part of those plants' operations. In order to get quality milk these plants very discreetly maintain only enough sales at top price, and then they use this quality milk for secondary products such as cottage cheese, yoghurt and so on, and we are caught in the bind. This really is what made us furiously mad. As of April 1 of this year there was a change in dairy policy and tremendous numbers of shippers were excluded from the program. They tell us to change over, but we do not know what to do. A lot of us put up maybe a million pounds a year. The Minister tells us that he is only interested in supplying a subsidy on a quota of 300,000 pounds of production, which by my standard is a minimum production for an economic unit. In other words, economy on the farmers part went out the window with the new dairy policy.

**Mr. Lefebvre:** What is the quota on your million pounds production of fluid milk?

**Mr. Munro:** It varies with your production variations throughout the year, but it is about 30 per cent.

**Mr. Lefebvre:** Then you do not think it would be better if you had 80 per cent—

**Mr. Munro:** If I could get it.

**Mr. Lefebvre:** Why can you not get it?

**Mr. Munro:** Where are we going to find the people to drink it unless some of them are eliminated from the market? True, changes in the markets have taken place; new marketing techniques have come in. For example, in the city of Toronto Becker's Stores and Mac's Stores went into the jug business and gave their own producers as well as new producers in the market 90 to 100 per cent of sales—a very high percentage, and the old traditional companies which sold milk started losing sales as a result of this—or at least they were not able to increase their sales. Because of the economies that I as a producer had to bring in to stay healthy because of the new technology, I had to increase my herd from 15 to 75. I required this for an economic unit. This is a trend in the industry. As I said before, the thing that disturbs me in the new dairy policy is that economies went out the window. All we need to do is take a look at another corporation established by the Government, the Farm Credit Corporation. Numerous people were caught in a bad position. This corporation recommended loans to people to establish economic units on the premise that they could do so with very little change and very little expenditure of money—not necessarily for more cows because with their own young stock they could increase their herd from, say, 15 to 30 cows. The new dairy year put these people, whether they were a straight industrial shipper or the split shipper of which I made mention, in a very serious position. The use of the word "surplus" in the fluid market field does not convey a meaning. Industrial shipments are a very very important part of my income and the income of those who work for me on my farm.

**The Chairman:** Thank you. As we have had only four questioners in an hour and a half, my suggestions are not being adhered to. Mr. Moore is next and then Mr. Choquette.

**Mr. Moore (Wetaskiwin):** Mr. Lefebvre has asked a number of questions on the subject with which I wanted to deal. I would like to tell Mr. Munro that I agree with him 100 per cent. I am probably even more angry than he

is; I have shipped fluid milk for 30 years, and I am very concerned at the present time. I would like to mention that it does not concern my pocket book because the farm is leased. Therefore, I have no qualms about bringing up this subject.

**The Chairman:** No vested interest?

**Mr. Moore (Wetaskiwin):** That is right—that is, as far as the price of milk goes it makes no difference to me personally. However, it does have an effect on the whole of Canada.

**The Chairman:** It does to your constituents.

**Mr. Moore (Wetaskiwin):** Definitely, yes. I thought the question that Mr. Lefebvre asked was well answered, but is it not correct that under the present dairy policy it is not possible for a man to change to manufactured milk because he has no quota established.

**Mr. Munro:** This is correct. In the consultations that we had with Mr. Greene on June 16 at which the March Committee was present, we were told by Mr. Greene and Dr. Berry, Chairman of the new Federal Dairy Commission, that if we wanted to transfer to industrial we should write in and they would consider whether they would give us a quota under which we could receive a subsidy.

**Mr. Moore (Wetaskiwin):** But would you not be taking a terrible chance to change and, after doing so, consideration would then be given as to whether or not you would receive a quota?

**Mr. Munro:** And further, what is going to happen? What will the dairy policy be as of April 1, 1968? We have seen a 100 per cent switch on April 1, 1967; are we going to see as radical a switch on April 1, 1968?

**Mr. Moore (Wetaskiwin):** Likely.

**Mr. Munro:** We do not know, and this is going to stop even those that have a 20 per cent quota from switching.

**Mr. Moore (Wetaskiwin):** That is correct.

**The Chairman:** Mr. Moore, Mr. Powers is on the Advisory Committee of the Dairy Commission and I am sure he is well versed on the subject of quotas.

**Mr. Powers:** I hope I am not telling anything out of school. I think very shortly there will be an announcement made that fluid producers will be able to change to manufac-



tured milk. There are two ways in which this may be announced. It may be that they will be granted a quota equivalent to their total last year's production, or it may be that they will only be granted a quota of 300,000 pounds. I am not in a position to say which way it will be, but I am fairly certain that there will be an announcement made. I am not saying whether this is satisfactory or not; personally I do not think it is. But there has been a change made and I just wanted to point it out.

**Mr. Moore (Wetaskiwin):** Well, for one thing, the year is half over; it is much too late.

**Mr. Powers:** This will be retroactive to April 1.

In the case of a man who quit shipping fluid April 1 and went to manufactured milk, it will be retroactive; to those people who continued shipping fluid they will only be retroactive to the date on which they quit shipping such milk.

**Mr. Moore (Wetaskiwin):** What price does a fluid milk shipper in Ontario and Quebec receive for that portion of his milk not used for distribution? I will not call it surplus because I agree that it is highly essential that he produce it.

**The Chairman:** This goes into manufactured in Quebec.

**Mr. Munro:** \$3.54, for grade 5 milk.

**Mr. Moore (Wetaskiwin):** In our area we receive \$3.20 and \$3.25.

**The Chairman:** Mr. Sorel, what are the figures for Quebec?

**Mr. Sorel:** \$3.35 to \$3.40.

**Mr. Moore (Wetaskiwin):** All right. Now am I correct in this sense: that many fluid milk shippers across Canada have limited quotas because, as you said, they are limited by the amount of milk that is used. A person in our area could have a quota of 600 pounds a day and yet be paid for only 300 pounds or less a day because you are paid for what they use, not for what they think they are going to use. Is it not a fact, then, that across the country there are many fluid milk shippers who are receiving a lower average price per hundred-weight than does their neighbour who ships manufacturing milk?

**Mr. Munro:** At the June 16 meeting, Mr. Chairman, a number of statements on milk were given to Mr. Greene. They were from the Brockville area in Ontario. The average price shown on these statements varied from \$3.75 to \$3.85 on total sales.

**Mr. Moore (Wetaskiwin):** Yes. I have some of the same from my area. This is the point I wanted to make. I do not think it is a situation that we can allow to continue.

**The Chairman:** Thank you, Mr. Moore. Mr. Choquette.

(Translation)

**Mr. Choquette:** I would like to speak to Mr. Sorel. Even though I do not fully share Mr. Sorel's opinions, it can nonetheless be said that he gave consistency to the policy of the U.C.C. It is thanks to him that farmers were brought together and welded into a true trade union force. Since Mr. Sorel has headed this movement widespread changes have occurred in it for which he is no doubt greatly responsible.

Mr. Sorel, I should like to ask you a question which you may find somewhat funny: Would you by any chance be thinking of going to Quebec City to create a bit of a stir by asking the Minister of Agriculture to back up some of the promises he made? I wish to add here that you are always welcome in Ottawa, that we are pleased to meet you, and we hope that you will return because we like discussing with you. And yet, we are sometimes treated quite harshly, in spite of the fact that the government has established some excellent policies. I wonder whether it would not be a good idea for you to pay a brief visit to Quebec City, and ask the Minister of Agriculture, for instance, to establish the controversial \$3.54 support price for industrial milk producers as in Ontario, I believe?

**Mr. Sorel:** First of all, I would like to make it clear that I do not want to take credit for the organization of farmers, because even if we tried to thwart their organization, they would simply have their own way anyhow. I want to give credit where it is due, particularly to a group of farmers who have decided to take things into their own hands and who are more determined and better prepared for this type of activity. At the end of your statement, you said that I should take some credit—I agree, while emphasizing that my part is no greater than that of others.



As far as our visit to Quebec City is concerned, I was there yesterday. In fact, I will go back pretty soon, and we shall discuss our problems in Quebec City with the same tenacity, frankness and loyalty as we did here. You say we have been rather hard on the Ottawa crowd. I am not a Member of Parliament and in fact I once made a Premier rather cross by telling him: "But you, Mr. Prime Minister, are not the President of the U.C.C."

**Mr. Choquette:** We shall not ask his name.

**Mr. Sorel:** I agree that whether you are Prime Minister or a Member of Parliament, you have your problems. But we also have our own problems and we would be failing in our duty by not bringing them before you. We would be failing in our duty because we are faced by a situation which cannot last. And as you people hold responsibility, we have brought our problems to you. I hope you don't think I came here to knock off one of you. I assure you that this is not a habit of mine. I have never yet struck anyone. Figuratively speaking though, whatever blows I have struck were always above the belt.

It is said that Ottawa has excellent policies. To this I repeat what I said the other day: we have made progress over the past three years. But we are still caught in a vise, between the cost of production, which is rising continually, and the cost of living. We are caught in a squeeze play. In view of this, small piecemeal improvements, as I said, are not adequate due to considerable increases in the cost of production and in the cost of living.

This is true, not only among farmers, but elsewhere, too. One occasionally hears of a \$1 per hour increase. But this is not the case with farmers, and it is our children who bear the heaviest consequences of this. We are also subject to the cost of living and we have to bear it like others.

In order to face this though, increasing incomes are required, but instead, we have to bear the increasing production cost of tractors, oil, gasoline, chemical fertilizers, insecticides, machinery parts, etc. Some machinery parts cost ten times as much as some ten years ago. Therefore, we are caught between two fronts.

Percentages are sometimes mentioned, but I think this is not fair. For instance, we may say: you have had a 15, 16, 17 or even a 20 per cent increase. But how much further ahead is a fellow who only earns \$1,000 per year, even if he gets a 17 or 20 per cent

increase? Someone earning \$8,000, \$10,000, \$12,000 or \$18,000 might be able to make ends meet with his 20 per cent increase. The percentages game is not fair because the income of farmers continues to represent only half of the income of workers in other industries, in other economic sectors. The statistics are there, and I am not the one who drew them up. Therefore, we have been marking time for the past ten years. I am not taking a stand against improvements though, providing they are effective. But in our case, there is no improvement, in fact, we are not even keeping pace and have been back-sliding.

*(English)*

**The Chairman:** Mr. Munro would like to make a comment.

**Mr. Munro:** Mr. Chairman and gentlemen, I would like just to comment that we are tired of being a ping-pong ball bouncing between two governments. We have set forth in this brief what we felt were the needs of Ontario and Quebec in the areas of federal policy with which we are most concerned.

The Ontario Federation of Agriculture has just published a long list of the requests that we have made of our provincial government, and we are going to publish the results of the requests on which they have consulted with us and taken action. We are also going to make public the requests on which we have had consultation and those on which they have promised it and have done nothing. We are working within our field, and are asking you to look after the federal end of it for us.

*(Translation)*

**Mr. Choquette:** Mr. Munro, I am taking note of what you are saying, but all the same, I wish to point out that there is a somewhat more specific problem in the Province of Quebec. Without wanting to belabour the point, I want to mention here that federal Members of Parliament have been the object of systematic attacks. We have reached the point where we have had enough, and therefore, we say: How about first checking whether the government in Quebec City is fulfilling its obligations.

I should like to ask Mr. Sorel whether he intends obtaining from the Quebec Government by means of the same tenacity and demonstrations, the establishment of \$3.54 as a support price for industrial milk? I think it would be extremely important if the dairy producers in Quebec could have the assurance

of being paid the \$3.54 support price each time they deliver their milk to the factory.

**Mr. Sorel:** It is all good and well, Mr. Choquette, to ask this from Ottawa. Nonetheless, talks will soon be under way with the plants. If Quebec decided tomorrow morning to set the price of milk at \$3.64, this would create a federal problem because caseine, which is under federal government jurisdiction, is extracted from milk, and the same applies to rolling powder which is also a federal responsibility. However, the plant is not able to pay this price. Neither are the rolling powder nor the caseine plants capable of paying this price. And why is this so? Because it is a national responsibility, and not a provincial one. Therefore, if we go to Quebec, we shall become a political football.

**Mr. Choquette:** I am happy to have your comments on this matter, Mr. Sorel. Switching to another subject, could it be said that your main objective would be to escape from the subsidy system, and to create an economic context wherein agricultural products might give fair returns?

The main failure is that agricultural products are not given their proper due within our economy. Hence, would it be right to say that the prime objective of your movement, together with other organizations in this country, is to re-value agricultural products and to escape the system of subsidies which has made of a large number of farmers State pensioners?

**The Chairman:** I think this sort of question is best answered by explaining what a joint plan generally is, and specifically a joint industrial milk plan.

**Mr. Sorel:** From the viewpoint of Quebec farm unions, subsidies are considered a temporary policy. However, temporary policies have a tendency to drag on. Let us turn to the problem of industrial milk, for instance, to see how producers have decided to settle it.

As a result of having voted a joint plan, producers requested the authorization to exercise their full powers at the level of production under the Quebec Farm Products Marketing Act. That means they are ready to accept quotas whereby to balance their production in terms of the needs of the home market in Canada and export markets. Regarding the transportation of milk from one plant to another, for instance, they decided to plan from within in order to avoid the useless

going and coming from one region to another and from one rural sub-division to another. There are certain rural sub-divisions where, for instance, three co-operatives collect milk from a group of farmers and where the trucks are loaded to one third, half, or three quarters of their capacity. Planning is required in this area of operations. And by the way, do not be surprised at future squabbles between unions and co-operatives.

Thirdly, they asked us for powers at the level of milk processing. There are about 350 plants in the province of Quebec. We are perfectly well aware that, of these 350 plants, possibly 150 cannot be run efficiently at the present time, because they are not large enough, they are badly situated geographically, and they are forced to make up their processing costs out of each 100 pounds of milk. At the present time, in 1967, a plant producing too much caseine in a given region of the province of Quebec can only fetch for its producers a maximum of \$2.92 per hundred pounds. Add that up with the government subsidy and you get \$4.02 which is what the Quebec farmer ends up with. And this is what is currently called a \$4.75 policy.

In the fourth place, the representatives of the joint plan request powers at the finished product level, so as to be able to deal with the consumer and step up the consumption of finished dairy products in Quebec and in Canada, and also to have their own say during consultations. All this is to be found in the joint statement.

With reference to the export policies of the Federal government, I liked Mr. Peters' remark concerning Committees. Henceforth, we shall want to discuss the future of import-export policies regarding dairy products with the Federal government.

Farmers want to know whether or not they are going to remain in the dairy industry, because if they are to go bankrupt or if they are only going to earn half as much as the other classes of society, they will abandon dairy farming. Therefore, they should not be given the same empty promises year after year and if the credibility gap were filled in actual policy, this would go a long way towards satisfying farmers. That is why in some areas farmers only make between \$4.02 and \$4.75 in Quebec, whereas in fact, they also need about a 20 per cent increase in the sale price of their products. This is what farmers would need to make ends meet, like other people.



The producer's aim is to control his own product, and to have a widespread range of action which might eventually help eliminate subsidies. If economic policies cannot be drawn up to meet this, prices should be established enabling farmers to live like others. This is what we want.

(English)

**The Chairman:** I think Mr. Powers and Mr. Munro want to make some comments.

**Mr. Powers:** I will try to be brief.

Again I come back to the National Dairy Commission and to milk pricing and milk marketing. Earlier I commented on the idea of the provincial governments having responsibility for fluid milk and the federal government being responsible for manufactured milk. I do not think that you can look after the industry properly if you divide the areas of responsibility in this way. So far as I am concerned, the National Dairy Commission moved one step backwards this year by releasing this surplus fluid. In my opinion we need more control by the National Dairy Commission and some authoritarian control of the provincial marketing boards released to the National Dairy Commission so that we can set a price. I do not see how we can ever set a minimum price across Canada so long as we have to negotiate with ten provinces.

**The Chairman:** With ten different ideas.

**Mr. Powers:** Yes; ten provinces with ten different ideas. The other thing is that we cannot rationalize the production of milk in Canada so long as we have the provincial governments responsible for fluid and the federal government responsible for manufactured.

I am not suggesting that we abolish provincial milk marketing boards, but some of their present authority should be released to the National Dairy Commission; and in the future, when we are setting up provincial milk marketing agencies—and for other products, as the need arises—they should be in the nature of handling agencies rather than play an authoritarian role.

Those are my comments on this topic.

**Mr. Honey:** May I ask Mr. Powers one brief supplementary question on that point?

**The Chairman:** Yes; if you wish to question Mr. Powers before Mr. Munro speaks.

**Mr. Honey:** Mr. Powers spoke about asking the provinces to release some of their authority to the National Dairy Commission.

Mr. Powers, you are a member of the Advisory Council to the Commission. Constitutionally I do not believe one could force them to do so, but would they be prepared to release some of their powers to your Commission?

**Mr. Powers:** You are asking me a hypothetical question.

**Mr. Honey:** No, I am asking you—

**Mr. Powers:** The Chairman has dealt with it.

**Mr. Honey:** Mr. Powers, you expressed the opinion that this should be done, and I agree with you, but it is unrealistic to express a hope with no expectancy that it will happen.

**Mr. Powers:** I can visualize more problems in the two provinces where we now have a marketing agency set up than in the others, simply because when you set up another entity you must either abolish it or relieve it of part of its authority.

**Mr. Honey:** Yes, that is right. Once they are established they do not want to relinquish their authority.

**Mr. Powers:** Personally, I am convinced that we have to do this. The provincial governments are reasonable, and we can discuss this with their representatives, but I do not envisage that this will happen overnight.

**Mr. Honey:** No.

**Mr. Powers:** My real desire—and I have mentioned this in the Commission—is that we set up this kind of a system in the provinces with no system of marketing and get it working.

**Mr. Honey:** Thank you, Mr. Chairman.

**The Chairman:** Mr. Munro, you may speak first; and then Mr. Sorel wishes to make a comment.

**Mr. Munro:** Mr. Chairman and gentlemen, I wish to comment on consumers having the full amount for the food consumed. I can agree with this philosophy. However, so long as we have, as I think we have, the philosophy of government that people have to be fed cheaply in this country we have got to get our income from one of two sources, one of which



is through the taxes we all pay; and those in our society who are less fortunate and must have food at cheaper prices to be able to live must be subsidized through the taxation of the more affluent.

I think this is the philosophy that is with us, and we are not going to change it. It exists in many other countries in the world. They are also embarrassing us in the marketplace because they can export at ridiculously low prices that portion that does not come under subsidies in competition with ours in our supposed—and I repeat “supposed”—free-enterprise system.

(Translation)

• (11.30 a.m.)

**Mr. Sorel:** Mr. Chairman, problems might arise between the Federal Government and the provinces when talking about national authority. We have asked for the establishment of a national authority governing the dairy industry. All the provinces are part of the Canadian Federation of Agriculture and the resolution asking a national authority governing milk was adopted unanimously. I am talking on behalf of the farmers: the organized farmers of Canada have asked to have a national authority. I believe they do not object to its operation in so far as provincial laws will be respected. There are dairy product marketing laws in each province. We abide by these laws while also respecting national authority, which I know farmers need.

So far as governments are concerned, we can never predict what a Parliament will do, whether in Ottawa or Quebec City, therefore I cannot speak for the representatives of the government. Where the farmers are concerned though, they are ahead of Parliament since they have asked for a national authority.

**Mr. Choquette:** My last question, Mr. Sorel, is of a very general nature. Is there some sort of resignation, or rather some kind of acceptance of the lot with which farmers seem to be burdened—what I mean is that farmers as a class are due to become limited in number while becoming more intensely productive. You have 53,000 members; do they accept this prospect or do they say instead: now we are 53,000 and instead of decreasing we shall increase our numbers. What do you tell them? I was here at the time of your conference with the Minister of Agriculture and senior officials, and you left in a rather glum mood

saying: I will have to tell my members: “You had better leave because there is no room left for you. Move elsewhere and find yourselves some other work.” Is this actually the fate of farmers and do they accept their lot?

**Mr. Sorel:** I neither make predictions nor do I set the number of farmers required. All I want is for productive farmers to be able to earn a decent living. We have had a decrease of 3,000 farmers over the last five years in the province of Quebec; 3,000 annually means 15,000 farmers in five years. Therefore, the number of farmers will be reduced. Now, maybe some people will come along and say that we need a given number of farmers and compare this with the existing number. I am not capable of doing this and whoever else tries it is bound to make mistakes. Insofar as I am concerned, what I want is for “efficient” farmers to be able to make a living.

Now, the word “efficient” should not be stressed to the point where only a handful of farmers will be able to make a living in this country. Criteria for efficiency should be established as in other classes of society. Take workers for instance; a number of them will be good, yet if the required degree of efficiency is too high, they will quit, and then if you give the sack to the remainder of your less efficient workers, you are faced with having to start up all over again.

Farmers have proved their efficiency by reducing their manpower by 50 per cent and doubling their production. If that is not efficiency I do not know what it is! It is a better figure than the one obtained in industry. Cases such as these arise everywhere. I might even add whimsically: even in Parliament,—

**Mr. Choquette:** You mean there would be fewer members—

**Mr. Sorel:** —who are not where they belong. It is not up to me though to pigeon-hole them—

**Mr. Choquette:** I don't mind you telling me that, because I am sure that your remark did not include me.

**Mr. Sorel:** —they will find their own place. I have no intention of sorting them out and saying: these are good and those are not. They will sort themselves out. Those who are not efficient will drop out. But I wonder when farmers will stop leaving the land. I really have no idea. What figure should we recom-

mend? I do not know. But what we want is for the efficient farmers to be able to make a living.

**Mr. Choquette:** Thank you, Mr. Sorel.

**Mr. Paul Couture (Vice-President of UCC):**

Mr. Chairman, to pursue the same subject, I would like to point out that farmers tend to have more productive organizations, yet this year's dairy industry operating policies go against that. Take the quota method for instance. Farmers are limited to last year's production. This creates a real problem with our farmers because they are limited to last year's production.

**Mr. Choquette:** Nonetheless the 50,000 quota—

**Mr. Couture:** Yes, but let's drop this 50,000 business, because it is of very little interest.

**Mr. Côté (Nicolet-Yamaska):** Mr. Chairman, first of all, since we have not followed the agenda, that is, instead of discussing estimates, we have talked about other things, I hope you will allow me to talk at somewhat greater length than the others. Nonetheless, I shall try to be brief. I find myself in a unique position here. Mr. Sorel has a role to play as a representative of the UCC, and the members of Parliament have their own particular role to play whereas I have two roles to play: I am a member of the UCC and I am also a member of Parliament.

You no doubt remember, Mr. Sorel, that I was amongst those who supported this idea of increasing the number of members in the UCC. I took great pains over the UCC and I am ready to do the same in politics. When I was with the UCC, a few years ago—I was an active member for seven years—all I heard about was problems. I am restating this so that finally, as of today, there might be some kind of common front between my representatives in the UCC whom I pay, and your representatives, who are members of Parliament whom you pay.

When I was with the UCC, problems always seemed to arise from members of Parliament. As you know, when I was running my election campaign, I put on a "big show" on the hustings because I was sure the problems of agriculture could easily be solved. But when I came here I was forced to change my mind. I found out that by solving problems in my own way in those areas where it seemed possible, I was in fact creating two new problems.

Having looked into this matter, I realized that on the farm we tend to feel that their is a barrier between associations representatives and members of Parliament. This is the first time you, the officials of the U.C.C., hear me speak. But since we last met I have been gathering information, I read the newspapers and I have left no stone unturned, since I am here, in trying to solve your problems. I even asked Mr. Sorel and Mr. Couture, after the presentation of the brief of the Canadian Federation of Agriculture, what solutions they suggested for certain problems. I asked you to meet with me at my office to help me solve these problems, but you were busy and could not spare the time.

From here on in, it might be best if people knew that there is a dialogue going on between us, and that even though it may not suit your purposes entirely, it may not suit that of the members of Parliament neither. However, we should be able to say that we are working together.

As a former president of various provincial organizations, I can say that I know my own constituency and also several others. I received problems and suggestions from all ridings, well, from at least eight or ten of them and I am told: "You are not pulling your weight out there." I am acquainted with the problems, but finding solutions is what I find most difficult. So, from here on in, I would like to go on discussing with the leaders of the U.C.C. on amicable terms.

I would not have brought this up had I not noticed a minor flare-up a while ago. In fact, when Mr. Clermont asked where potatoes came from, I am sure that it was not said out of malice, because I know what Messrs. Clermont, Choquette, Comtois, Lefebvre, etc. have achieved. We have attempted to present a common front, but we have been thwarted. We have put great reliance on the U.C.C. to help us solve these problems. I think that should be clearly understood and that in future, we shall work together and find a solution. In so far as I am concerned, I am returning to my fields, as of tomorrow. I intend staying in politics for one or two years only. I am leaving politics as soon as my term is up, and I shall go back to the U.C.C.

With regard to the dairy industry, could you tell me why it is felt that our policy is not good? First, last year, the price of milk was set at \$4.00 and I obtained \$4.39 for industrial milk. This year, I have been getting



about \$4.90 for industrial milk at the same plant. Milk did not fetch as high a price in some other regions of the province. When the magazine *La Terre de chez nous* reports that the average is set at \$4.10, the entire blame is put on federal policy. And this is done in spite of \$8,500,000 which were given to enable granting a 25 cent subsidy in the province of Quebec. I repeat, this represented a sum of \$8,500,000. Prices were to have been standardized, not by increasing them, but by granting a subsidy to those plants which were not as efficient as others. In my area, I believe the price is to be set at \$4.90, that is if this price has not already been set. Hence, federal policies are not achieving their purpose. Members of Parliament know how hard I worked to obtain a price of \$5.10, but I failed to obtain it. The price in my area is \$4.90. But is the situation as it exists in the rest of the province of Quebec a federal or a provincial problem? What has happened to the \$8,500,000 which were given to farmers?

In *La Terre de chez nous*, I saw that there was an agreement whereby the Federal Government had accepted that the Provincial Government would withdraw from this particular field. How is it then that in 1964, the Minister of Agriculture of the province of Quebec—and I am not trying to play politics here—did not ask permission from Ottawa to distribute the 25 cent subsidy? I know that the minister thought that he would be dealing with a special case. I remember a meeting between the provincial ministers of Agriculture of Ontario and Quebec, where the following was said: "Do not grant the subsidy, because it will create difficulties in the other provinces." I also heard the minister of Agriculture say: "There is a special problem in Quebec because winter is longer there by one month than in Ontario. Ontario should allow us to go ahead with this because we are dealing with a special case." This year, the provincial ministers of Agriculture of Ontario and Quebec came to Ottawa and stated: "We are withdrawing from this particular field". And the following was also said: "We have just gone to Ottawa to obtain \$4.50, therefore, we should not—"

This is what farmers think and, I am neither Liberal nor Conservative, but simply the representative of a riding. I shall soon be returning to farming where the question arises as to why we have heard about the UCC for the past fifty years. In those days, problems seemed to be more a Quebec

responsibility. In fact 75 per cent of our briefs were sent to the province of Quebec and 25 per cent to Ottawa. During the last UCC congress, 75 per cent of the resolutions were addressed to Ottawa, and I recall that the minister of Agriculture of the province of Quebec took part in my diocesan conference where the four federal resolutions and the provincial resolutions were presented. The Minister then took his leave along with a senior official without having assisted in the presentation of the provincial resolution although he had taken part in the presentation of the provincial resolutions and had even made some suggestions I am then told by farmers: "We see you, on the one hand, as a politician, and on the other hand, as a member of the UCC. We are no longer sure in what light you see us. Do you look at us from the UCC viewpoint or from the political viewpoint?" In so far as I am concerned, I have never taken sides. I told farmers during recent meetings: "Obtain all you can from Quebec, and all you can from Ottawa."

Finally, Mr. Chairman, I would like to ask the UCC to help me in finding answers to those problems which I have been unable to solve when dealing with the problem of potato exports be sure to check the bag for their origin so that we here in Ottawa may be properly informed, and in order to provide the Minister with accurate information. Our time is precious. I have to answer 30,000 letters from farmers. Besides having to deal with policies as a whole, I am also saddled with a number of other problems including not only dairy policy, but also international policy. That is all I have to say. I hope you will excuse me if I have spoken at too great a length.

(English)

**The Chairman:** Does someone wish to make a comment on what Mr. Côté has said? Mr. Sorel.

(Translation)

**Mr. Sorel:** I must confess to you, Sir, that I may perhaps not give as much attention as I should to your problems. And indeed, you are facing weighty problems. I am confident, however, due to the fact that not just anybody was sent to Parliament to represent us. Therefore, we feel a measure of safety and we can say: "We are sending the best men..." However, you have accepted to be a Member of Parliament. Whereas I accepted to be the President of the UCC, and I accept both its advantages and its drawbacks. I even accept to be sometimes called either a Liberal



or a Conservative. And I am always made out to be either too "Red" or too "Blue". This all depends what day it is or who I happen to meet. I even accept to be called *green* (Greene).

As Mr. Munro said earlier, we should try to avoid being pulled apart between Ottawa and Quebec. We have come here to discuss problems concerning Ottawa and, in Quebec, we discuss problems which concern Quebec. We do not report on our business to each one of these governments. I shall shortly be on my way to Quebec city. We have problems and we want to settle them. The problems to which you were referring are in the process of being settled in Quebec. This is not the first time we meet representatives of the Federal Government. We began submitting our problems to Ottawa six or seven months ago, and these meetings were not public. Then, our farmers went a step further and said: "We shall go to Ottawa ourselves". And indeed, they came. At one point, we had to limit their number. We chose to have each parish represented by a single delegate. Sending a greater number was forbidden. However, some did not listen to us in spite of our instructions. They came on their own; we had not brought them to Ottawa. It was their own decision. It is then that debates were brought out into the open. Our problems could not be settled in Quebec though. We did not know what the price level would be for powdered milk and for casein. We knew nothing of this. We first had to settle our main problems in Ottawa, namely, finished products and support prices to be established after which we would settle our problems in Quebec.

With regard to the \$8,500,000, both I and the UCC are fully aware of its existence. Negotiations are under way, so you can stop worrying. And if you think that we are not capable of doing our job in Quebec, take a good look at what goes on in Ottawa. We shall do likewise in Quebec. No one will be spared. We shall do our job in Quebec. However, should the situation become critical in Quebec City, you may hear more about it but, at the present time, we are conducting private negotiations as was the case here.

We are discussing problems. We will do our job in Quebec. Do not worry about that.

**Mr. Côté (Nicolet-Yamaska):** Just one question, Mr. Sorel. And by the way, I am glad that you have thrown some light on these

matters. I hope you will excuse me for having treated you somewhat harshly, because as you say, you are my employee and I am yours. This is what happens then in rural areas: during public meetings, I have to face the Minister of Agriculture of the province, since we represent the same riding. In so far as I am concerned, I do my job and I try to do my best. The two members who represent the electors of my riding in Quebec do not belong to the same political party. In spite of this, I try to do the impossible to prove that I am not a party man, but that I am trying to help the people of the riding who in turn help me.

The Minister of Agriculture may have said during a public meeting: "If Mr. Sorel organizes meetings in Ottawa it is because he knows these problems are Ottawa's responsibility. He will not turn to Quebec because we are on an intimate footing here in our public meeting. We are good friends and we get along well. In so far as I am concerned, I get along even better with certain leaders who are not attending public meetings." To which I would immediately answer: "Can you give me the name of the person with whom you get along so well so that I may try to meet him?" As you can imagine, this creates a rather odd situation in the field of farming. I admit that I am dealing here with matters which are a bit too specific, but in future, I would like to have it known that I work not only for my riding but for agriculture, in Quebec. I am quite frequently called upon to work outside of my riding. Therefore, I would like to do everything in my power so that people might say: "He is neither Red nor Blue, nor does he belong to the UCC or to Ottawa. He is a Member who represents us in Ottawa in the same way that the president or the leaders of our association represent us".

(English)

**The Chairman:** Mr. Miller, do you wish to say something?

**Mr. Miller:** If I may, I would like to come to the defence of farm organizations. I am wondering—

**The Chairman:** I did not think anyone was giving you too much of a blast, but I have not yet said what I intend to say.

**Mr. Miller:** It strikes me some suggestion has been made that farm organizations have not made proposals for solutions.

**The Chairman:** Pardon me, Mr. Miller, but one of the things Mr. Côté was saying is that he wanted them to keep him informed and make demands known to him so he could be a better member and a better representative. This is the gist of Mr. Côté's remarks.

**Mr. Miller:** I realize that but other comments were made in this regard. It strikes me that if we are going to try to solve the problem by working under the same old establishment which has failed repeatedly over the last 15 years, then we are not going to find the solution. If we are not willing to spend a few dollars we will not solve the problem.

If you do not want the farmers to go on footnoting the bill for the country's welfare problems and everything else, you are not going to find the solution unless we are willing to put some money on the line. I think this is the crux of it. The farm organizations have made proposals over and over again but where they have gone, we do not know. We must have a huge wastepaper basket somewhere in the framework of these Parliament Buildings, because at the best a little bit of crumbs are kicked under the table to you, and this is what our farmers are objecting to.

They want some real programs. When I was here on the 16th, they referred to this, and I will refer to it again, because I do not think we will find the solution until we come to grips with it. Page 6 of the submission that was created for the May 24 presentation asks that the policy making for agriculture be taken out of the hands of those who are currently doing it and put in the hands of people who can make an extensive study and can develop real programs—not just recommendations worded to indoctrinate the general public—with some authority that can be negotiated, we will say, with the Minister, or whoever is involved, instead of just being a bunch of bellhops for whoever wants to use it politically. As I see this, and as we have agreed, there has to be a whole new approach if we are going to really find the solution to the problem.

**Mr. Asselin (Richmond-Wolfe):** I should like to suggest that he is pursuing, and Mr. Côté was suggesting too, a greater understanding between the Union members and the members of Parliament. Is this not what the Government intends in its proposed task force and that it hopes to come up with suggestions for good long-term as well as short-term national agricultural policies?

**Mr. Miller:** I was hoping somebody would ask that question, so thank you very much.

**Mr. Asselin (Richmond-Wolfe):** You are welcome.

**Mr. Miller:** All we have been able to learn from what the Minister said concerning the task force when it was first announced—I think this was during the Speech from the Throne—is that it was going to be very rigid, civil servants were to be on it, and soon. I think this has now been broadened somewhat.

**Mr. Asselin (Richmond-Wolfe):** I would like to correct that. In the Speech from the Throne it was not mentioned in that way. It was to engage a task force leading to a long term national agricultural policy. There was no mention of civil servants.

**Mr. Miller:** My interpretation of the last statement I heard Mr. Greene make is that this would be a committee of three. He would not be bound by their decisions, they would simply make a study and make recommendations to him, and he expected the first recommendations within a year. This is just more of the same, as I interpret it. Sure, this will give you something to hide behind for a year and say well, we cannot do anything until the task force reports. But when the task force reports we have no assurance that their recommendations are going to be acted on.

**Mr. Honey:** Mr. Chairman, on a point of order, the meeting to date has been very congenial and very helpful, and I have to say that I do not think it is in keeping with the tenor of the meeting for Mr. Miller to suggest that the government, or by inference the members of Parliament, are hiding behind things or are looking for things behind which to hide. I think it would be better if we could maintain this meeting on the level that we have already established and not let it deteriorate.

**Mr. Miller:** Excuse me; I apologize. I did not mean to suggest that it was a means of hiding. Let me rephrase what I said, Mr. Honey, because it was not meant to be offensive.

**Mr. Honey:** That is why I pointed it out. I did not think it was.

**Mr. Miller:** It is delaying taking action on the problem which is long overdue. As has been pointed out, while this is being delayed, the farmers are having to fold up, leave their



land, and so forth. The problem is not going to be solved by more delay.

**Mr. Asselin (Richmond-Wolfe):** Do you agree to a national agricultural policy?

**Mr. Miller:** Yes.

**Mr. Asselin (Richmond-Wolfe):** Then how can you achieve it without making a proper study? And how can you make the proper studies without employing the best brains in the country to make suggestions to the Government, outside of Civil Servants? Do you not believe that the way he is doing it is a step forward? You say it is going to take a year to do it—it should have been done a year ago. All right. I agree with you but it has not, so why not do it now?

**Mr. Miller:** Have we not had studies?

**Mr. Asselin (Richmond-Wolfe):** Oh, I agree with you.

**Mr. Hergott:** May I comment on this subject?

(Translation)

**Mr. Asselin (Richmond-Wolfe):** I would like to ask Mr. Sorel to comment on the same question because I am also a member of the UCC, I am a farmer and also a Member of Parliament, and therefore, in the same position as Mr. Côté.

**Mr. Gauthier:** Gentlemen, you have mentioned a three member board. If the government were to name two new representatives and one government official as representative, do you think this would be better than having three government officials on the board?

(English)

**Mr. Miller:** I did not quite get your question; I am sorry.

(Translation)

**Mr. Gauthier:** With reference to the three member board which you mentioned a while ago, and which will study a proposal to be submitted to the Department of Agriculture, do you think it would be better if this board were made up of two members representing the various unions and one government official rather than three government officials?

(English)

**The Chairman:** Absolutely.

**Mr. Hergott:** Mr. Chairman, there is a principle here and I think we would like it to be

clearly understood what we are talking about. The principle under which we now operate—whether you call it a task force, a Royal Commission, or whatever it may be—results in a situation that we will find ourselves in constantly so long as we continue to use this procedure; that is, we have one group that establishes a camp. This is done in all sincerity. If they did not believe what is in the report they should not have it in the report. In fact, you establish a camp. Then we—thinking in terms of the farm organization in this case, but it happens all through society—who have not had any part in it and have no way of influencing what is written in that report find ourselves off in another camp. So, immediately the battle begins.

**Mr. Peters:** The Government is in the third camp.

**Mr. Hergott:** Well, we do not always see it just that way.

Our principle in that somehow we should start working together from the beginning. We in Ontario and the Ontario Federation have said this very clearly to our own government in Ontario in the brief we presented last January. In our case we have asked that all Standing Committees of the House be made available between sittings of the House so that we can confer with them and influence legislation before it becomes, in fact, a legal document presented in the House. That is the principle we are talking about here.

We want this task force—and it could work this way—to work with us from the very beginning so that we can get our ideas in and influence the report that results. Then we will not find ourselves in two camps but have a document that we both can defend. That is the principle we are talking about here.

**The Chairman:** I should like to point out one thing. What we are doing today—your appearing before the Agriculture Committee—is something that never would have been done even two years ago. A Committee has never dealt with the Estimates in this fashion before. If this is helpful to us then we feel it is helpful to all.

We have made a great many breakthroughs so far as we are concerned and I think many of you know my position as a farmer and my past associations. I was of the same opinion as Mr. Côté when I first came to Ottawa that I would solve all these problems. But I can even remember being in farm organizations and problems there were not



solved easily in one year, one month or one week.

• (12.00 noon)

I can see that we have made great strides so far as I am concerned as an agriculturist or a farmer but I can also see your concern about the task force. I should think this task force could work like some other commissions, in that they could submit interim reports from time to time which could be acted on. You do not have to wait for the final report to be made. Something that it is obvious to them should be done can be reported to this Committee or to the House, and the government can take action on it.

**Mr. Asselin (Richmond-Wolfe):** I would just like to comment, Mr. Chairman, and say I am glad to see that the gentleman who just answered the question, Mr. Hergott, is in full agreement with the proposed task force, unlike his colleague to his right. I would like to mention, though, that you are talking about unity and I hope, as well as you, that this task force will work in close consultation with different organizations. I also point out that in his opening statement Mr. Sorel mentioned that the government should find a way to do this.

**The Chairman:** Mr. Asselin, you did not intimate to the Chairman that you wanted to ask questions. There are two people who have signalled me that they want to ask questions and you have been on the floor quite some time. I thought you just had a supplementary.

**Mr. Asselin (Richmond-Wolfe):** All right, Mr. Chairman, I will carry my comments until after the next two speakers in the hope that you will add my name as the third one.

**The Chairman:** Fine, thank you.

**Mr. Hergott:** Mr. Chairman, I would just like to make the record clear that I only agree to the task force if it works in this manner.

**Mr. Asselin (Richmond-Wolfe):** That was my own comment. All I am saying is that we want to work with the Union and the different organizations and we all hope this will happen. But sometimes I see in your remarks among the witnesses an indication that you do not quite agree. How can we work with people who do not agree among themselves?

**Mr. Miller:** I want to clarify that I am not against the task force unless it turns out to be something like another royal commission that

makes a report to gather dust. I think we are talking here about something real and alive.

**Mr. Peters:** It should be pointed out that this Committee is not involved in the task force, either. We are not in the position you mentioned. Some of the gentlemen mentioned that farm organizations would like to know about legislation before it is presented so that they could have some say in its presentation. This Committee does not either. The dairy policy certainly did not come from the Committee's discussion with the Minister. Members of Parliament are as far away from the Cabinet as the members of any of your farm organizations. The Committee in most cases is far away from the development of policies. This is really not our role; at least, it has not been to date.

**The Chairman:** It has not been to date, but one of the things we can do about legislation—and all members are equal, no matter what side of the House they sit on; your government is called your Cabinet—is to make recommendations, discuss them with officials and the Cabinet and hope that some of there are adopted. Under the present system of government, this is the procedure.

We do not have the right to see legislation before it is presented to the House as committees do in the United States. A lot of us have recommended that this procedure be changed. I believe you will recognize also that the House is experiencing some tremendous changes so far as we are concerned as members and I think all parties will agree with that.

It is long overdue; we say we live under the British parliamentary system, but the British parliamentary system in Britain is much more advanced than ours. In my opinion we have to catch up and pass them in many things. Without further comment from the Chair I call Mr. Gendron.

(Translation)

**Mr. Gendron:** Mr. Chairman, Mr. Sorel referred a few minutes ago to the dramatic situation in which the potato producers find themselves. And this situation is even more dramatic when we consider that they find it difficult to take advantage of the federal government assistance programme, i.e. to divert their surplus production to animal consumption, and that they can make a profit on only 10 per cent of the potatoes in storage.

The government is open to other suggestions concerning the utilization of these pro-

duction surpluses. It goes without saying that considering the destruction of the potatoes is unthinkable while two thirds of humanity are short of food. There would be an easy solution: under the Colombo Plan to send this production surplus as food to underdeveloped countries. But first, it seems that in underdeveloped countries people do not eat them and, secondly, that they are not able to cook, store or preserve them.

It seems that the problem is one of production surplus, while in the Province of Quebec, production equals only 65 per cent of consumption. It seems ridiculous that there should be a production surplus. It also appears, however, from the preceding questions, that the problem is at least not one of imports from one country to the other, and that we export to the United States twice as much as last year, when this surplus did not even exist. It seems then that any dumping is done from one province to the other.

This leads me to ask three questions:

First, would there not be need for united action between the producers of the various provinces towards the establishment of a joint plan of potato production?

Second, would it not be advisable, especially in the Province of Quebec, to think about the future establishment of plants for the processing on the spot of this product and thus ensure increased consumption of it, and also its preservation?

Third, it seems that the producers are isolated and that even the co-operatives are isolated; there is no overall organization, at the provincial level, which would allow the preservation of the potato and thus take advantage of the federal assistance programme.

Therefore, I ask myself if, at the level of provincial organizations, it would not be advisable to think about the possibility of a general, rather than an individual action by the producers or the co-operatives? Or even of a concerted action by the provincial government for the preservation of this same product? We would also benefit from the federal subsidies programme which, if it applied, would be very generous to the farmers.

**Mr. Sorel:** I may have answered this question a few minutes ago. The situation in which our farmers find themselves is quite difficult. The potato producers of the Province of Quebec, moreover, have requested a joint plan. We know that we will soon have inter-

provincial agreements and even a national one, and perhaps even an international one.

When the market is crowded, this is very frequently not caused by excessive imports, but by their non-regularity: they are imported at the wrong time. Thus, if imports were regulated, either by permits or otherwise, potatoes would be imported when they are needed. When they are not needed, it is useless to import them, if this action will spell disaster here. The exporting countries prefer entering our market when we maintain a reasonable price, rather than when we have a ridiculously low price. They would be more interested.

Even the provinces are interested. The Maritimes manage to sell potatoes in the Province of Quebec and I believe they will continue to sell them because their production is greater than their consumption. But if order exists and if we have a joint plan, there will be interprovincial results.

When our farmers receive 50 per cent less income than the other producers, how can we make them invest in a co-operative, in a joint plan? How can we make them invest when already, I admit it, partial investments bring no results?

Presently, you have the case of eggs. It is a provincial plan, in very close collaboration with the Province of Ontario. They gave themselves quotas and all, but another problem arose, which destroyed all that the farmers had done. Therefore, the potato producers are watching the egg producers.

How can we encourage them to invest? We cannot ask them to invest \$400 or \$500 in a co-operative when they do not have that money. And we cannot tell them: "Look at the good results you now have with eggs." How can we stimulate them when, in the fields where they are trying, they get no results because of other factors which are in no way within the control of the farmers?

• (12.10 p.m.)

It would be moreover a very happy fact if the egg producers could say that egg production is doing well. But, such is not the case. They sell their eggs, presently, approximately twelve cents less than their cost of production. The producer with the lowest number of hens is therefore the luckiest this year. The less he has, the better he is.

**Mr. Gendron:** I am sorry, but I mentioned two other points. I talked about the joint plan



and it seems to me that it is a production surplus. There will be no solution unless a joint plan is found which will group the producing provinces. There is no error there.

Secondly, I mentioned the problem of the need for a policy of processing the product in the province which would help to take advantage of certain policies and to dispose of the product afterwards.

Furthermore, a concerted effort should be made at the provincial level. I do not know if this could be done through an agency such as yours, or through the Federated Co-operative, or through the Province of Quebec itself; in any case, I believe that this effort should be speedier. This problem has been before us for a long time and no agreement has yet been reached between the Province of Quebec and the Federal Government.

**Mr. Sorel:** This is a temporary problem. This is also a temporary solution for people who will be wiped out by such a problem. If no agreement has been reached, do not blame us. I was born neither in Ottawa, nor in Quebec City and I am divided between these two governments. Long term solutions, even if we build a plant to process products into cornstarch, powdered potatoes or other by-products, are not the best. Do not count on that to support the farmers. They have such a plant in the Maritimes. Go and see what happens. It means that they sell their products at a price lower than the production cost.

To find an outlet where the sale price is lower than the production cost does not constitute a very bright future and above all, do not ask the farmers to invest money in such a venture in order to be forced at a later date to sell their production at a loss. Listen, farmers after all do have certain sense and do reason things out.

**Mr. Gendron:** I do not believe that all the blame should go to the farmer, although, just the same, there is a problem for which we are spending a lot of money. We must try to find a solution and I feel that maybe we would do better by investing some money which would provide employment and maybe supply a possible outlet for the by-products of potatoes that do not belong to the No. 1 category. We should also promote regional development and likewise support a regional industry.

*(English)*

**The Chairman:** I think Mr. Gendron probably has in mind a vodka distillery, a starch

factory or something like that. That is what you had in mind, is it not?

*(Translation)*

**Mr. Sorel:** Such a venture could be under the joint responsibility of the governments and the farmers.

*(English)*

**The Chairman:** I presume most of you are aware that potatoes are the main ingredients in vodka.

*(Translation)*

**Mr. Sorel:** It certainly would be advisable to direct our research in that direction. However, let us not forget that this plant will be established for processing. Then the same thing will probably happen as happened to the producers of industrial milk or of fluid milk, i.e. when the buyer needs a production, he then buys at the same time the industrial milk. If the plant is used only every three years, when there is a surplus, how will it be profitable? If there is a surplus, regularly, every three years, the processing plant will thus be able to receive the surpluses. How then can the plant operate?

**Mr. Gendron:** This means, in other words, that there certainly must be a certain amount of production planning. This is exactly what the farmer is asking himself to-day.

**Mr. Sorel:** The farmer has proved it. He is ready to plan and to produce—and this has always been said clearly in the briefs we presented to Ottawa—according to consumption capacity and to export possibilities. He is ready to accept quotas. He accepted such a plan with regards to eggs. The producers have voted in favour of this; they took the decision themselves.

**Mr. Gendron:** Thank you, Mr. Chairman.

**The Chairman:** Mr. Matte.

**Mr. Matte:** I would like to say a few words to support Mr. Côté, who has been my spokesman and who, all the same, came back here to explain your difficulties; I agree that you do not come before the Committee often enough. Do you not think that it would be more beneficial to you if, in coming to state your difficulties, you also brought, as mentioned by Mr. Côté, some elements of solution to these problems, elements which we could study. Furthermore, I cannot see how the Farmers' Union (U.C.C.), with 54,000 members, does not send a representative at all



sittings of this Committee. I think we could give him the right to speak.

**Mr. Sorel:** To-day, we are grateful to you for the opportunity of stating our problems; we have never refused a chance of putting forth our problems so that you, the legislators, could understand them.

**Mr. Kirouac:** I do not understand too well certain aspects of the problem. We seem to look for difficulties where there are none. With regards to the eggs problem, all the necessary work has been done; a joint provincial plan dealing with eggs has been organized. There is a marketing board for eggs in Ontario. Representatives of both provincial governments meet, agree, study markets, carry out economic research and come to an agreement concerning the establishment of a certain classification of products. Furthermore, they agree on controlling production and on meeting consumption needs; finally, they discover that their problem is one of imports. They come here and expect an answer. This is therefore a suggestion we have made.

We have done the same thing in the field of milk. With milk, we repeat that the problem is at the level of processing, of casein. It also exists at the level of rolled powder and at the level of cheese prices. It exists at all levels. We are looking for remedies with you. Well, I believe we have done quite a bit, by thunder! As to other productions, such as potatoes and poultry, we must always wait until they are well organized, because the farmer always chases us away when we want to talk to him about the organization of potato production. He tells us: "If you want to organize the production of potatoes as you did for eggs, leave us alone". At least we will not have to pay! Here is the problem. It is very annoying, but what can we do?

**Mr. Côté (Nicolet-Yamaska):** Is the farmer aware of certain things, as least I did not see it in the newspapers, concerning the eggs problem? As soon as the problem appeared, I studied the matter a bit and reached the conclusion that, for the last four years, Canada has exported 9 per cent of its production to the United States, under an agreement which gives the United States the right to import 2 per cent and Canada to export 9 per cent of its egg production. For the last four years, Canada has exported 9 per cent of its production, while the United States have not exported any part of their own production, as they felt they needed it. This year, they are send-

ing us their production. Therefore, I am convinced that it is not normal that they send us their production. Thus, would it not be more advisable to say (I would be ready to say it now) that eggs should no longer be imported from the United States? However, should the United States decide that next year, or during the next four years, Canada will not export her 9 per cent, then is our problem this year any more serious than the one we would have had to face if we had not been able to export so much?

**Mr. Kirouac:** We must examine the two aspects of the problem at the same time. What does it mean when 9 per cent of the Canadian production is exported while 2 per cent of the American production is imported? It means that the 9 per cent we are exporting will not very likely disturb the level of prices in the United States.

**Mr. Côté (Nicolet-Yamaska):** Precisely.

**Mr. Kirouac:** Do you know that 2 per cent of the American production puts us under for a whole year?

**Mr. Côté (Nicolet-Yamaska):** Exactly.

**Mr. Kirouac:** This is the problem. It must be examined as coldly as that.

**Mr. Côté (Nicolet-Yamaska):** That is why I tried to find statistics. If we decide to block American imports of eggs this year, and then, for example, we lose the right to export them, the situation will maybe get worse. We should try, I believe, to make suggestions to the External Aid Office in order to know if it is possible to tell the Americans: "Do not send us any more eggs and we will not send any more".

**Mr. Kirouac:** Or else, their 2 per cent could be taken and put under the control of the administration of joint provincial plans. If all these eggs cannot be used, they can then be thrown at political meetings.

(English)

**The Chairman:** Mr. Munro wants to make a comment.

(Translation)

**Mr. Côté (Nicolet-Yamaska):** I wonder if it would not be possible to write in the periodical "La Terre de Chez-Nous" to inform the farmer that he has benefited from this agreement for four years. The problem facing us seems easy, but it is not. We could also men-

tion other things so that the farmer would know the dangers awaiting him and be more conscious of them. For myself, I told you a while ago, when I arrived here, I did not know what problems would be referred to me and I thought that they would be easy to solve. I always blamed the Members for the problems and I can see now that I was wrong. Such thoughts were wrong.

• (12.20 p.m.)

(English)

**Mr. Munro:** Mr. Chairman, I am a bit amazed today to hear of the lack of communication that obviously exists in government. I was interested in the remarks made by Mr. Côté. We were told the same thing by Mr. Greene on April 7, that all we had done was ask for more money and complain. This meeting was held specifically on dairying. At that time we pointed out to him—and he admitted to this—that the Dairy Farmers of Canada and the Canadian Federation of Agriculture in May of 1966, which at the time of the April 7 meeting, was not a year ago, had presented a considerable amount of documentation on dairying and quotas. Our No. 1 complaint is that the concrete recommendations we made have not received any attention. At the time he received this brief from the Dairy Farmers of Canada and the Canadian Federation of Agriculture regarding quotas and future dairy policy a promise had been made that there would be future consultation with the farm organizations concerning their recommendations. However, the privilege of having a consultation with the Minister or his top aides on this document was never granted.

**The Chairman:** If I remember correctly, Mr. Munro, when we were discussing this subject—and the members have discussed it at great length with the Minister and other people—there was a difference of opinion in the briefs that were presented by different farm organizations on behalf of the dairy farmers.

**Mr. Munro:** This came about at the time of the march but I am speaking of the meeting of April 7, 1967, at which time we were told that we had not made concrete recommendations within the year. In the previous May concrete recommendations had been made but we did not have the privilege of sitting down and discussing this with the Minister or his top aides on any other occasion.

**The Chairman:** Mr. Asselin, do you have anything further to say?

(Translation)

**Mr. Asselin (Richmond-Wolfe):** Well, Mr. Chairman, it is getting quite late and perhaps I will forego any further questions although, I would like to make a few comments on a series of questions I asked a few moments ago about the establishment of a study committee meant to scrutinize the problems in depth, in collaboration with the unions, with a view to the formulation of a national policy. This should also include regional problems because, in my opinion, you mention regional problems on the whole.

**Mr. Sorel:** We are ready to accept all suggestions, but we ask that we be permitted to consult the government authorities and we would like these consultations to result in something concrete, in order that these negotiations have some results. We would like nothing better than to meet the representatives of the people, the representatives of our regions and those of the country, always for the purpose of acquainting people with our points of view and our problems in order to get our farmers out of the rut they find themselves in.

**Mr. Asselin (Richmond-Wolfe):** You have met the Minister many times and his high officials, from time to time, to discuss the policy to be established, have you not?

**Mr. Sorel:** We have met the minister many times. Mr. Côté seems to simplify the problem of exports and imports. I have heard the Minister of Agriculture, in this building, say to us: "We have to pay the piper in this business". I will quote you the example he gave us: this is like somebody who owns a small patch of strawberries in his garden and strikes an agreement with his neighbor who has five acres of them, to the effect that when his crop of strawberries is too big, he will send him his surplus and when the other's crop is too big, he will do the same. Who is the loser in this bargain? The owner of the small patch of strawberries can maybe send two boxes at a given time, if he has too much. As to the other individual, his surplus comes from his high production. He does not feel the effect of this surplus. With regard to the individual who agrees to buy the surplus of the owner of four acres, he has to face quite a problem. We have here a suckers' deal. But we do not strike the bargain. Then we want to point out to you that it is a suckers' deal, in certain fields. It is a suckers' deal and we must take into account our capacity for absorption and theirs.



**Mr. Côté (Nicolet-Yamaska):** If this is such an agreement, I promise you that I will delve into the question. However, in my opinion, agreements are reached not between two countries, but between many countries, so that a given country can export a certain percentage of its production to a place other than the country with which it has reached a bilateral agreement. This happens within the framework of the Geneva agreements. However, if only a bilateral agreement were involved, I promise to delve into the question.

**Mr. Sorel:** It is a Minister of Agriculture who said it in Parliament. It is a suckers' deal.

**Mr. Clermont:** Mr. Chairman, I did not express the wish of asking supplementary questions. But others have.

I would like to ask a question of Mr. Munro, about fluid milk. Have your regional groups or group considered the possibility of adopting the plan formulated by British Columbia about milk, i.e. the establishment of a syndicate or pool? Has the producer of industrial milk the advantage of saying: "To-day, I want to be accepted as a producer of fluid milk" or, because the market is more or less closed, can the fluid milk producer, who has been granted a contract, foresee that, next year, consumption will possibly increase? Will he not consequently increase his production? Have your regional associations or association studied the possibility of establishing a plan similar to the one in British Columbia, i.e. a pool plan, a syndicate plan for the milk producers?

Correct me if my information is wrong. I have read a brief, a few years ago, presented by Mr. Atkinson, who is a commissioner of the Canadian Wheat Board, in Ontario, and who has discussed the British Columbia plan.

(English)

**Mr. Munro:** Mr. Chairman, we presently have a milk board in Ontario. It is true that this milk board has not yet been able to get their machinery processes set up to enable them to bring the over-all pool into operation and we are now told that it will take until February of 1968 at the earliest before this can be done. When it is completed it will be somewhat similar in many aspects to the British Columbia plan. What does this do to the individual producer who is caught in the bind between these times? The farmer's problem is that a program is in operation in which

he is involved in the 1966-1967 dairy year and in the 1967-1968 dairy year he is excluded from it and there is no alternate course for him to take. In order for him to maintain his current fluid quota he must maintain high quality standards because he is under high quality inspection and he must put a good quality product on the market.

**Mr. Clermont:** But, Mr. Munro, you envisage the possibility of adopting a program similar to the one in B.C.?

**Mr. Munro:** Oh, yes. That is the long range goal. I agree with Mr. Powers that the industrial portion of the fluid market must be handled nationally.

(Translation)

**Mr. Clermont:** Mr. Chairman, here is another supplementary question. If the Ontario milk producers consider the establishment of such a plan at some future but as yet undetermined date, do the Quebec producers, Mr. Sorel, consider it also?

**Mr. Sorel:** One day or another, a milk pool will certainly be established, but, as my mother's remedies may not be good for me, it may then not be good for Quebec to adopt British Columbia's remedies. Actually, the percentage must be seen. Jean-Marc will correct me if I am wrong. Is it 20 per cent? No. The percentage of fluid milk is 30 per cent. The percentage of industrial milk is 70 per cent. Keep that in mind then.

**Mr. Clermont:** I know the figures of the fluid milk producers.

• (12.30 p.m.)

**Mr. Sorel:** If you pool the milk, 66 per cent of the milk will remain which will fall into the 30 per cent. There will always be a part of the 30 per cent which will be paid at a higher price, and the other at an inferior price. And what more will this give to the industrial milk producer? He will take a small part of what a small number of producers have in surplus. And this will give him what? Maybe 5 cents per hundredweight of milk. And to go back to his farm, this will force him, as Mr. Munro said, to establish quality standards required from fluid milk producers. If he wants to get the same price as that of the pooled milk, he will be forced to produce milk during twelve months of the year, the same quantity (he is forced to), and so on. To earn what?



When we have, as in Ontario, from 35 to 40 per cent of fluid milk, maybe 45 per cent, at that time, a common reservoir will probably give to the industrial milk producers the possibility of installing refrigerators, boilers, animal inspection, etc. This will mean additional expenses. But presently, if the situation does not change, everyone will be worse off than before.

**Mr. Clermont:** Mr. Sorel, are there not, presently, either in Ontario or in Quebec, many industrial milk producers who are as well equipped and who produce milk as good as that produced by the fluid milk producers?

**Mr. Sorel:** Yes, but you did not add that they produce regularly twelve months of the year.

**Mr. Clermont:** Mr. Munro did not answer my question or my comment about the fact that, presently, the corporation, if I can use the term, of fluid milk producers is more or less a closed corporation and that a good industrial milk producer who could deliver fluid milk cannot join it. Is this true or false?

**Mr. Sorel:** We place their names on a waiting list and as some disappear, we strike them off the list. It is true that it is a closed corporation.

**Mr. Clermont:** Thank you.

*(English)*

**Mr. Munro:** Mr. Chairman, when the new pooling system comes into being it will have a built-in formula for introducing new producers in an orderly way for the exit of those producers who want to get out and whose quotas will be transferred. Until the present time this has been handled by the dairies, which is very much to the disadvantage of many of the producers. We ask that this system be handled in an orderly fashion. This process is now under way. As I mentioned before, our quarrel is merely with the handling of the industrial portion of the production of these people.

*(Translation)*

**Mr. Clermont:** Mr. Munro, you have said that to the person who transforms fluid milk into ice cream, your unused milk surplus is very important. Do you apply great pressure when you negotiate with these milk processors? I believe that, in certain cases, there can be as many as three contracts in addition to the fluid milk contract.

Are these milk processors pressured very strongly in order to obtain the best possible prices? Last year, the fluid milk producers could benefit from a Government subsidy for, let us say, a surplus of 120 per cent. As you could benefit last year from such a subsidy, when you negotiated the additional contracts, did you go all out, or did you tell yourselves: why insist since, at any rate, we will get a Government subsidy? I do not say this is a fact, I ask the question because somebody mentioned it.

*(English)*

**Mr. Munro:** Mr. Chairman, the market for the industrial portion of the milk is established for the whole industry across the province. As individual producers we have no opportunity to raise prices but those people who work on our behalf have consistently raised the price. As of the 1st of May the price went up from about \$3.30, or some such figure, to \$3.54. The marketplace has borne consistent movement in the price structure but we were static for too long a period of time—15 years has been mentioned and I will say 20 years—remembering that this product flows back and forth across provincial boundaries, which it must, and this is proper within the confines of Canada. We need a national authority to establish a price in the marketplace and then we need competition so that individual processors will bid to get the product. We need assistance in the marketplace, which is something the government can give. We mentioned today what the Wheat Board had done for the wheat and grain producers of Western Canada. We need this concern about our situation and we were hopeful when the new Dairy Commission came into being—and we are still hopeful—that it would cure these ills. We are greatly disturbed at this tremendous change in policy which took place as of the 1st of April of 1967 and which affected many, many producers.

*(Translation)*

**Mr. Lefebvre:** Do you agree, Mr. Sorel?

**Mr. Clermont:** I believe that Mr. Kirouac wanted to add something. No, he said it. Very well. Thank you, Sir.

**Mr. Choquette:** I would like to ask you what is happening to the programme, once advocated by the Farmers' Union (U.C.C.), where milk would be distributed free of charge in schools? Was this a Utopian proposal?

(English)

**Mr. Munro:** Mr. Chairman, to our knowledge no government authority has acted on it.

(Translation)

**Mr. Sorel:** This is a problem about which the two governments and the producers have brought forward resolutions for fifteen years. For about fifteen years, we have asked both the federal and provincial government to intervene in order to establish a system. Nothing was done by either and we are still waiting.

**Mr. Kirouac:** This would have required a system as complicated as the following: a system including the federal government, the provincial government, the school boards and the producees' associations. So, before accomplishing this—

**Mr. Choquette:** How far did you go in your endeavours? Did you simply present resolutions?

**Mr. Kirouac:** No, studies have been made by provincial dairy committees. At the Department of Agriculture, committees met to study the question, as well as at the federal level, I believe, through the Canadian Federation of Milk Producers, probably in connection with a branch of the federal Department of Agriculture. In short, the fact remains that four public bodies are needed to find the abc of this problem.

**Mr. Côté (Nicolet-Yamaska):** Is there a bottleneck at a particular level, either school, or municipal, or provincial, or federal?

**Mr. Kirouac:** No, I do not believe so. Coordination is the main difficulty.

**Mr. Clermont:** Mr. Kirouac, did you study the Bill tabled by our colleague, Mr. Honey, dealing with the distribution of milk in schools? It is a private bill tabled by Mr. Honey.

**Mr. Sorel:** As we are often travelling and have a lot of work, we do not have time to read—

**Mr. Clermont:** Mr. Honey could perhaps send a copy of his Bill to the associations.

(English)

**The Chairman:** If you are not aware of it, Mr. Sorel, I expect it is probably due to faulty reporting by the farm press.

(Translation)

**Mr. Sorel:** I must tell you that I did not read a newspaper all day. I finished sitting in Quebec City around ten o'clock and I got home at half past twelve. This morning, I had to be here at half past nine and I was here. So, newspapers, when they are not read on time, pile up. I do not want to make light of the newspapers, Mr. Clermont.

**Mr. Lefebvre:** Do you receive the proceedings of our meetings, Mr. Sorel?

**Mr. Sorel:** Yes.

(English)

**The Chairman:** One of the members had intimated that he would like to ask a question. Before he does so I would like to make a short statement and also ask a question. I am of the firm opinion, after listening to the discussion this morning and from my experience on the Agriculture Committee, that many provincial governments have conflicting legislation. It may be beneficial to a group in one province but would not be to a group in another province, or another province may not have that kind of legislation.

You ask for a national agriculture policy in Canada that would be beneficial to all producers no matter what they produce. Have you thought about or would you consider recommending to your provincial governments that they give more authority to the Federal Government so that you could truly have a national agriculture policy. It has already been said that our products know no provincial boundaries. Our products are going more to large metropolitan areas such as Montreal, Toronto, Vancouver, Winnipeg and Edmonton, and those that are not consumed in Canada are exported. Would you recommend to your provincial governments that they give up some of the authority that their provincial marketing boards have to the Federal Government so that you could actually have a real national agriculture policy. You will never have a national policy as long as these differences between provinces exist. In this respect some provinces have beneficial legislation; others do not. Programs differ. Some provinces are taking advantage of federal programs; others are not. I cannot see how we ever can have a national agriculture policy until some provinces give up their parochial attitude and give more authority to the federal government.



**Mr. Miller:** Mr. Chairman, is it not up to the central government to initiate this?

**The Chairman:** That is correct.

**Mr. Miller:** Last summer we had a dispute with the Ontario government and they simply threw up their hands and said: "Go to Ottawa. We do not want to have anything to do with it."

**The Chairman:** What I am trying to say is a start has to be made some place.

**Mr. Miller:** Yes, that is what I mean.

**The Chairman:** Everytime you initiate anything with the Federal Government do you not—education is a perfect example and agriculture can be another perfect example. Mr. Powers has pointed this out with the national dairy policy that you are trying to initiate.

I am not just referring to legislation that has to do with dairy policy. Loan associations could be interested along these lines. As you know, you can borrow money in Quebec at a lower interest rate than you can in Ontario. You both may be competing for some type of market in Montreal or Toronto. What I am trying to say is that your producers are just not on an equal basis, and because of great differences between provincial legislation they will not be on an equal basis until more of this power is turned over to the federal government. Is your organization prepared to give this some thought? Have you discussed it with your own organizations? Are you prepared to recommend to your province that they relinquish their authority in this connection to the federal government?

*(Translation)*

**Mr. Sorel:** Our Quebec Agricultural Marketing Act vests powers in the Marketing Board to act under joint plans which it can transfer to producers' groups. The power to act with other provinces, and even at the national level, already exists in our Quebec Agricultural Marketing Act.

*(English)*

**Mr. Honey:** Mr. Chairman, if I may comment, it is only my great modesty that prevented me from raising the matter of the school milk program which my colleague, Mr. Clermont, did raise. I want to thank him for doing so.

**The Chairman:** If I may interject, we recognize the modesty.

**Mr. Honey:** Mr. Sorel, you already indicated that the UCC is on record in this connection. Is this the case too with the Federation and the Union?

**Mr. Sorel:** Yes.

**Mr. Honey:** I think that I would be reasonably accurate in saying that such a program is generally supported by the members of the House of Commons, and I am now speaking of all parties. Could I ask then if you would support us? This is part of the government's policy and I think there is some responsibility on us to push the Government on this point. Could I ask you to bring out your resolutions, dust them off, bring them up to date, and have the farm organizations push a bit? I think this would be helpful to us.

**Mr. Munro:** Mr. Chairman, I think we could very well take this under advisement. I believe that you will get the support.

**Mr. Honey:** Thank you very much.

**The Chairman:** One of the things mentioned here was information in the press. When Mr. Munro made his initial short statement he pointed out how long it took to get the bankruptcy legislation amended to protect primary producers. I might add the publicity that was given to that was directed mainly to vegetable and fruit crops, but it also covers dairy products too because of the amendment brought in by Mr. Clermont.

**Mr. Clermont:** The amount was increased from \$5,000 to \$7,500 and the period was increased from 3 months to 6 months. The bankers did not like it at all.

**The Chairman:** No, the bankers were not happy. In the paper, mainly backed by the Ontario Federation of Agriculture, the only item your paper had in it was to the effect that due to the amendment to the Bankruptcy Act some processors may have difficulty in finding money this year because of the amendment that a certain Member of Parliament brought in through a Private Member's bill that has become law. That was all that your paper had about it.

**Mr. Munro:** Mr. Chairman, I cannot challenge you on this point, and if this is so we certainly will look into it. I have heard it so often said in farm circles: "Your own personal interest in here was greatly appreciated." So we will correct this inefficiency.



**The Chairman:** I am not looking for personal credit; the Government should get it.

Mr. Peters intimated that he wanted to make a statement.

**Mr. Peters:** Mr. Chairman, I have been a member of this Committee for a long time and I generally consider Parliamentary Committees to be rather time consuming and very non-productive. However, I was very surprised at what new members, particularly those from Quebec have said. Mr. Côté said that he had been working in the UCC for a long time for certain things and when he became a member of Parliament he found there was a great conflict.

I was never impressed with the task force that was going to be involved with this but I am wondering if the farm organizations are willing to press the point. Certainly I think the Committee will give some consideration to closer co-operation between the farm organizations and the Standing Committee on Agriculture in respect of certain things that a task force might do. It is a fact in our system, and this has been mentioned before, that Members of Parliament do exercise some of their responsibility in committee and these committees do not really have any effect unless they go much further than they have gone in the past. This Committee, when looking into agricultural problems last year, when the Wheat Board was here, did go much further than it had ever gone before. This might be to our advantage because I, like Mr. Côté, am concerned and well aware of the fact that we, as Members of Parliament, really have no say in the operation of government or governmental policies. We have absolutely no say until it becomes a legislative problem on the floor of the House, at which time it is a *fait accompli*.

I was just wondering if the farm organizations would bear this in mind and apply more pressure on the committee. It seems to me that because the committee is much more responsive, and is in a responsive position, this may have some effect on the changes that we want to make in Parliament.

I believe Mr. Howard is in somewhat the same position. He is on an advisory board representing farm organizations, and when they faced problems in respect of the national dairy policy, for instance, it had already been established. Then the question is asked: "Why is it not working?". I think farm organizations should apply more pressure to us, as a committee, and provide us with more informa-

tion. I am thinking specifically of one thing. My family has been connected for many, many years with the dairy industry and my father represented the Ontario fluid milk producers for some time as president of various offices and it has always been my opinion that the pooling of milk was an absolute necessity, even in Ontario, before we ever accomplished anything. If we are going to do it on a national basis, the pooling and upgrading of milk is going to have to take place and all facilities are going to have to be upgraded. And yet, when the Minister answered my question on this in the House he said it would take at least up to 8 years before this is considered. I hear the farm representatives saying: "Well, yes, this is a good idea, but it is going to happen sometime in the past."

This really is not going to help the Committee in pressing the government to speed up that 8 year period. Mr. Chairman, I just make the suggestion that the Committee may be useful to you. The federal members may find they have a role to play if you provide us with the information. Otherwise, when we discuss estimates we are only discussing something that is already a fact and that we cannot change; we can only either approve or reject. Operating under majority government, we have always approved and never rejected. I cannot remember since I have been here ever having rejected a departmental estimate or, in fact, cutting it down to any great extent. Therefore, this may be borne in mind. Certainly if some of the younger members, members who have just come to the House, have learned that we, as members of Parliament, do not play any role in the development of legislation, that is a good thing; they have learned something. If your farm representatives find that you may have been putting the emphasis in the wrong place, you may have learned something too, because it seems to me that in meeting with us, you are wasting your time unless you are going to put us in a position where we can make firm recommendations to the government as to what it should do; otherwise we are not going to be in a position to influence the legislation.

I have been a member of this Committee for 10 years and I have found that as a result of the investigation we had with the Canadian Wheat Board, the recommendations made by this Committee were much more substantial than any ever made before. Some of us are going to be watching to see what the government does with the recommendations. If the farm organizations who have presented

them agree with the recommendations we made, they should also be endorsing them. I agree with the Chairman that the farm papers—I am not speaking of the general press, but of the trade papers—of the various organizations quite often are not using the facilities that they have to the advantage that I think they should be used. Mr. Honey's bill is a very specific example, because I can remember years ago in school the farmers' union talking about milk and yet I really have not seen any concentrated effort to see that this comes about; therefore I make this appeal. I was very much impressed with Mr. Côté, because, as a new member he expresses the fact that he is not able to do the things that he thought he was going to do and his responsibility, to some extent, has changed since he was elected a Member of Parliament.

*(Translation)*

**Mr. Côté (Nicolet-Yamaska):** Excuse me, Mr. Chairman.

● (12.54 p.m.)

*(English)*

**Mr. Peters:** I just make the point that this is a good thing. He also made another very important statement, that he was neither red nor blue in regard to some specific things, and I think that this is true of members of the Committee. If a proposal is a good proposal and one which can be put into effect, it is a proposal the Committee can agree that the Government should adopt. I do not think party politics are going to make any difference in it. The Committee may make a recommendation that is not truly in a political sphere. The farm organizations may find, if they can put the pressure on this Committee and supply them with specific information, that we co-operatively may be able to change the role of the individual member and the role of this Committee and perhaps our relationship with the government, as individual citizens, will be a lot stronger.

**Mr. Asselin (Richmond-Wolfe):** That was a very good speech, Mr. Chairman, but I just want to point out that that is only one member's view, because when he is referring to members having no influence, he actually contradicts his own statement by saying that the Committee makes recommendations to the government. I have personally, and I know many other members here who have, negotiated and who have persuaded the government to do something this way instead of that way.

**Mr. Choquette:** He meant Opposition members.

**Mr. Asselin (Richmond-Wolfe):** I just wanted to say that this is only one member's viewpoint.

**Mr. Peters:** Just to correct the situation—

*(Translation)*

**Mr. Choquette:** I will try to correct the impression given to you by this member. When you, the members of the U.C.C., decided to meet us in each of our counties, you can be sure that we brought very great pressure to bear on the Government and that the Minister of Finance has necessarily modified his policy, which would not have happened without the constant and insistent pressure of all the members, who abstained from partisanship. It is therefore unjust to say that the members do not exercise a definite influence at certain times.

*(English)*

**Mr. Peters:** Mr. Chairman, on a point of order, let me not be misunderstood. I did not say that individual members do not have any influence on government. I think that results do happen. What I am suggesting is that the problems—

*(Translation)*

**Mr. Gauthier:** They do not know what is happening, they really do not know. They are not acquainted with the policy of Parliament.

*(English)*

**Mr. Peters:** —which the farmers are bringing to Parliament may be better served collectively in the Committee, because there is a willingness on the part of members to change the role of Committees which has not been the case before, and I think that any member who disagrees with this—

**The Chairman:** Order, please.

**Mr. Peters:** I do not think this is only one member's opinion.

**Mr. Choquette:** Make it short. Is it possible to move—

**The Chairman:** Wait a moment. We could argue this point of the role that private members can play for several hours if we wanted to. I think we are all in agreement with most of what Mr. Peters said, but he does contradict his statement a little when he says that we do not have any power and then he wants recommendations so that we can act



on the recommendations. But I think that we all recognize that by joint effort in the Committee we can be productive.

We the Members of Parliament are an intelligent group of people and we are ready to listen to intelligent and reasonable suggestions. We are ready to study them, ready to work them out to the best advantage to the public. The federal government is a monster and its wheels grind slowly, but if no one is there to make them turn, they will not grind anything. I think that is what Mr. Peters was trying to say. We can be productive.

Before concluding, I would like to say that this is the last meeting that we will be holding before we adjourn for the summer recess and our estimates on agriculture will be up before the Committee again in the fall by agreement of all parties in the House. While we are discussing the estimates, I would ask you people to get copies of these and study them yourselves. If you have any suggestions, submit them to us sometime in September, because we hope to be back here about that time. If the Committee see fit, they could have you back before them to question you on your suggestions on these estimates at that time.

I think this has been a worthwhile meeting; a meeting where we have been able to get to know one another better. I would like to thank you very much for your attendance. It has been a long meeting, one of the longest we have ever had. Mr. Powers would like to say something.

**Mr. Powers:** I will be very brief.

*(Translation)*

**The Chairman:** On a point of order?

**Mr. Côté (Nicolet-Yamaska):** On a point of order, Mr. Chairman. As the discussions of the Committee on Agriculture are recorded and as my words may have been misinterpreted, I would not want them to remain misin-

terpreted. I did not want to say that I could not play a certain role in Parliament or that I was disappointed in the role I could play there. As to the problems which I thought easy to solve, they were not really so, and by solving them, we created other problems. That is what I meant.

*(English)*

**The Chairman:** Fine. Mr. Powers, you may proceed.

**Mr. Powers:** Mr. Chairman and gentlemen, I would like to thank you people for meeting with us this morning. I think the meeting has been useful. However, every one of these meetings that I attend I leave with a bit of frustration. We are all busy people and I think we try to cram a lot of things into one meeting or into a short period of time. Following along with what Mr. Peters has said about keeping the agricultural Committee well informed, I can support that we do on our points of view. I think that in the future, time permitting, as well as having meetings where we cover the general sphere, if you people wanted some of us, as farm representatives, to come before you to discuss specific subjects, we would be happy to do so. Supposing you were dealing with the dairy commission, or with dairying or with specific things, then you can get right down and deal with them. When I say I feel frustrated, it is because we go over the whole gamut and yet we do not deal with anything in depth. We have dealt with eggs, vegetables and the dairy industry and yet no doubt—at least from my point of view—there are a lot of things on either one or the other pertinent points that perhaps we should have discussed and we just did not have the time to do so. However, the meeting has been very useful and I would like to thank you on behalf of the farm organizations in Ontario and Quebec. I think I can say on their behalf that we are at your service any time we can be of any use to you.







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*The Clerk of the House.*























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